

1. Definition of Related Party

*Related Party*¹ shall refer to:

A. DOSRI

1. Directors of BDOLF, as defined in MORB Subsec. X141.1
2. Officers of BDOLF, as defined in MORB Subsec. X142.1²
3. *Stockholder*³ of BDOLF owning at least 1% of the Company's subscribed capital stock, singly or collectively with: i) spouse and/or relatives within the first degree of consanguinity or affinity, or relative, by legal adoption; ii) a partnership in which the stockholder and/or the spouse and/or any of the aforementioned relatives is a general partner; iii) a corporation, association or firm more than fifty percent (50%) of which is owned by the stockholder and/or his spouse and/or other first degree relatives by consanguinity, affinity or legal adoption.
4. *Related Interest* which shall refer to any of the following:
 - 4.1. Spouse or relative within the first degree of consanguinity or affinity, or relative by Legal adoption, of a director, officer or stockholder of BDOLF;
 - 4.2. Partnership of which a director, officer, or stockholder of BDOLF or his spouse or relative within the first degree of consanguinity or affinity, or relative by legal adoption, is a general partner;
 - 4.3. 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;
 - 4.4. Corporation, association or firm of which any or a group of directors, officers, stockholders of the BDOLF 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 of firm;
 - 4.5. Corporation, association or firm wholly or majority-owned or controlled by any related entity or a group of related entities mentioned in items 4.2 and 4.4;
 - 4.6. 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 lending Company or which controls majority interest of BDOLF pursuant to MORB Subsec. X303.1;

1 Related Parties (RP) refer to the following : DOSRI, Subsidiaries, Affiliates and Other Related Parties acting for themselves, as representative or agent for others, or as guarantors, sureties, endorsers, mortgagors, pledgers, assignors, or in any capacity in which (i) they become obligated or may become obligated to BDOLF to pay money or its equivalent or by any means whatsoever or (ii) there is a transfer of resources, services or obligations between BDOLF and the RP.

2 BDO Officers that are seconded to BDOLF shall be classified as Officer of both BDO and the host subsidiary. Checking with BDO HR shall be required to confirm if an officer of a subsidiary is seconded.

3 Stockholder shall refer to any stockholder of record in the books of the Company, 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. Stockholder shall also refer to a juridical person such as corporation, association or firm.

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- 4.7. Corporation, association or firm which has an existing management contract or any similar arrangement with the parent corporation of BDOLF; and
 - 4.8. 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 of the BDOLF or any related Company.
- B. *Subsidiary*⁴** 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 BDOLF.
- C. *Affiliates*** shall refer to an entity linked directly or indirectly to BDOLF by means of:
1. Ownership, control as defined under MORB Subsec. X146.1, or power to vote of at least twenty percent (20%) of the outstanding voting stock of the borrowing entity/counterparty, or vice versa;
 2. Interlocking directorship or officership, where the concerned director or officer owns; controls, as defined under MORB Subsec. X146.1; or has the power to vote of at least twenty percent (20%) of the outstanding voting stock of the borrowing entity/counterparty;
 3. Common stockholders owning at least ten percent (10%) of the outstanding voting stock of BDOLF and at least twenty percent (20%) of the outstanding voting stock of the borrowing entity/counterparty;
 4. Management contract or any arrangement granting power to BDOLF to direct or cause the direction of management and policies of the borrowing entity/counterparty; or
 5. Permanent proxy or voting trusts in favor of BDOLF constituting at least twenty percent (20%) of the outstanding voting stock of the borrowing entity/counterparty, or vice versa;
- Note: In cases where the borrowing entity/counterparty is linked to BDOLF both as DOSRI & as a Subsidiary or Affiliate, the DOSRI rules shall apply.*
- D. *Other Related Party*⁵** which shall refer to any of the following:
1. An entity linked directly or indirectly to BDOLF by means of:
 - 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/counterparty, or vice versa;
 - b. Interlocking directorship or officership, except in cases involving independent directors as defined under existing regulations or directors holding nominal shares in the borrowing corporation/counterparty;
 - c. Common stockholders owning at least ten percent (10%) of the outstanding voting stock of BDOLF, and ten percent (10%) to less than twenty percent (20%) of the outstanding voting stock of the borrowing entity/counterparty;
 - d. Permanent proxy or voting trusts in favor of BDOLF constituting ten percent (10%) to less than twenty percent (20%) of the outstanding voting stock of the borrowing entity/counterparty.

4 As defined in Section 1 of BSP Circular No. 914, Series of 2016

5 As defined in Section 6 of BSP Circular No. 914, Series of 2016

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2. Second degree relatives by consanguinity (grandparents, grandchildren, brothers and sisters) or affinity (grandparents-in-law, brothers-in-law and sisters-in-law), legitimate or common-law⁶, of Directors and select Senior Officers of BDOLF (SVP or higher who has the ability to exercise significant influence on the outcome of the transaction⁷);
 3. Directors, Officers⁸ and Stockholders⁹ (DOS) of the affiliated¹⁰ companies of BDOLF ;
 4. Spouse, and those relatives up to the second degree, by consanguinity (parents, children, grandparents, grandchildren, brothers and sisters) or affinity (parents-in-law, children-in-law, grandparents-in-law, grandchildren-in-law, brothers-in-law and sisters-in-law), legitimate or common-law, of Directors, and Officers¹¹ in affiliated companies of BDOLF.
 5. Persons/juridical entities that do not qualify as Other Related Party based on above definitions, but which the business unit / delegated approver, with abundance of caution, opted to classify as such, subject to the evaluation and approval of the Related Party Transactions Committee (RPTC).
2. The Company shall maintain a central Related Party Database¹² to be used as reference by business units.
 3. Transactions of the Company with a Related Party shall be allowed. However, business units shall ensure that such transactions are conducted on an arm's length basis, or in the ordinary course of business.
 4. Coverage of the Related Party Transactions (RPT) Policy
 - a. The policy on RPTs shall cover the following:

Credit Transactions	Non-credit Transactions
1. Credit lines / facilities (on- and off-balance sheet)	1. Services <ul style="list-style-type: none"> - consulting, professional, agency & other service arrangements / contracts - construction arrangements / contracts
2. Write-off of related party transactions	2. Goods & Materials <ul style="list-style-type: none"> - sale, purchase or supply of any goods or materials
3. Borrowing, commitments, fund transfers (representing advances / loan accommodations) and guarantees and sureties	3. Lease arrangements / contracts (as Lessor or Lessee)
	4. Assets <ul style="list-style-type: none"> - purchases & sales of assets including transfer of technology & intangible items (research & development, trademarks & license agreements)

6 Relatives arising from a relationship between a man and a woman who live exclusively with each other as husband and wife without the benefit of marriage.
 7 Per BOD-approved guidelines dated June 25, 2016
 8 Officer of the affiliated company" shall refer to: President, Chief Executive Officer, Chief Financial Officer, or Treasurer.
 9 "Stockholder of an affiliated company" shall refer to an individual stockholder of an affiliated company and/or his relatives within the first degree of affinity or consanguinity **holding more than 50%** of the subscribed capital of the affiliated company.
 10 Affiliated companies shall refer to the following: a. juridical/corporate Related Interests (RI); b. subsidiaries & affiliates of BDOLF; c. Any party that BDOLF exerts direct/indirect control over (as provided in item H1.a.1 of the RP Checklist) , or that exerts direct/indirect over BDOLF (as provided in item H.1.a.2 of the RP Checklist).
 11 "Officer of the affiliated company" shall refer to: President, Chief Executive Officer, Chief Financial Officer, or Treasurer.
 12 Posted in the designated BDOLF Shared Folder. For Officers, the BDO Employee Self-service shall be used as reference.

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	<p>5. Investments</p> <ul style="list-style-type: none"> - investments and/or subscriptions for debt/equity issuances not traded in an active market - establishment of joint venture activities <p>6. Trading & derivative transactions not traded in an active market</p> <p>7. Guarantees, sureties and other grant of security interest issued by a related party for any of the above transactions</p>
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b. Transactions excluded from the materiality threshold & reporting requirements shall include, but not limited, to the following:

1. regular trade transactions involving purchases and sales of financial instruments traded in an active market
2. those granted under BSP-approved fringe benefits program

Business units shall be responsible for identifying other transactions which may be excluded from the RPT approval & reporting requirements, providing justification, coordinating such with Compliance, and securing the necessary approval from RPTC & BOD once clearance from Compliance is obtained.

Note: Please refer to **Annex 1** for the sample memo to RPTC & BOD.

c. Related Party Transactions (RPTs) shall include not only transactions which are entered into with related parties, but also outstanding transactions which were entered into with an unrelated party that subsequently became a related party.

Note: Please refer to item II.9 for the detailed guidelines on handling changes in relationships.

5. The Related Party Transactions Committee or RPTC shall be primarily responsible for the assessment of material RPTs, and the regular reporting to the Board of Directors of the status and aggregate exposures to related parties.
6. Review and Approval of Related Party Transactions (RPTs)
 - a. The following general approval matrix shall be observed to ensure the proper review and approval of transactions between the Company and a Related Party:

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Related Party Transactions ¹³	Related Party	DISPOSITION		
		Transaction Approval	Approval / Endorsement	Approval
		Delegated Authority ¹⁴	RPTC ¹⁵	BOD ¹⁵
1. All transactions within / above materiality threshold (material RPTs), including select aggregated non-material non-credit RPTs breaching materiality threshold ¹⁶	All	✓	✓	✓
2. Transactions below materiality threshold (non-material RPTs) involving:				
- Credit transactions	DOSRI, Subsidiaries & Affiliates	✓		✓
- Write-off	All	✓		✓
3. Non-material RPTs except those cited in item 2 above	All	✓		

Note: Above approval, matrix shall also apply to updating of terms of conditions. Prior approval shall be required for updating of terms & conditions of RPTs previously approved by the RPTC & BOD, and those, which will result in breach of materiality threshold based on company's aggregated exposure to the borrower / counterparty. Please refer to **Annex 2** for the specific approval matrix.

- b. RPTs for review / approval shall be evaluated based on the following factors:
- b.1. whether the terms of the transaction are fair or not more favorable than similar transactions with non-related parties;
 - b.2. whether the outcome of the transaction would pose any potential reputational risk issues;
 - b.3. whether the transaction would present an improper conflict of interest for any director or senior officer of the Company;
 - b.4. the availability of other sources of comparable products or services;

¹³ Existing DOSRI rules (such as but not limited to the following: BSP Circular No. 423 re Ceilings on Loans/Credit Accommodations to DOSRI; BSP Circular No. 560 re Ceilings on Loans/Credit Accommodations to Subsidiaries/Affiliates; BSP Circular No. 737 re Real Estate and Chattel Transactions with DOSRI/Employees; BSP Circular No. 749 re Guidelines on Corporate Governance) shall apply. Guarantees, sureties and other grant of security interest issued by a related party for the covered transactions shall likewise be subject to the requirements of the policy.

¹⁴ based on the latest approval matrix

¹⁵ To be coursed thru the Office of the Corporate Secretary; existing procedures on the endorsement of transaction for review & approval/confirmation of the designated reviewing committee / Board of Directors shall continue to be observed.

¹⁶ Applicable to sale of assets, sale/purchase of goods & materials, and leases; prior to RPTC/BOD approval shall be required if aggregated YTD RPT shall reach the Php 10M materiality threshold for credit and Php 1M materiality threshold for non-credit.

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- b.5. the material facts of the proposed transaction, including its aggregate value vis-a-vis the Company's aggregate exposure limits
- b.6. any other information (e.g., price discovery mechanism, etc.) deemed relevant to allow determination if terms are comparable to those given to unrelated parties or reasonable under the circumstances
- c. To facilitate the approval and/or confirmation of RPTs, and the subsequent reporting of material RPTs to BSP, the secretariat / designated personnel of the delegated approving authority shall sort the approval media of proposed RPTs, and prepare the corresponding report. (*Exhibit 1-1A*).
- d. Any member of the reviewing committee / Board of Directors who has a potential interest in any proposed RPT shall abstain from the discussion or deliberation.

7. Role of Business Units

To facilitate the proper evaluation of related party transactions (RPT), concerned business units shall perform the following:

- a. Identification of a related party (RP) account, and determination of the appropriate RP classification
- b. Tagging of the appropriate RP code in the respective system or database (i.e., Ambit Asset Finance [AAF], Factors Management System [FaMS], Fund Management System [FMS], and/or ICBS-CIF)

Note: Business units which are non-CIF owners / without access to ICBS shall endorse the account for tagging to the respective CIF owner.¹⁷ Endorsement shall be made via e-mail and shall include the established RP classification of the account.

- c. Obtaining data to show that terms and conditions granted to related borrower / counterparty are not more favorable than similar transactions with non-related parties, or are comparable with similar transactions of other companies/entities
- d. Disclosure of the required data in the applicable transaction document (e.g., Credit Proposal, Request for Booking, Purchase Order, etc.)

Please refer to **Annex 3** for the Duties and Responsibilities of all concerned units on RPT processing & reporting.

8. Guide in Determining a Related Party & Tagging of Accounts

- a. Business units shall make use of the applicable information sheet (e.g., Customer Information Record / equivalent document & Related Party Questionnaire (*Exhibit 3*) for individual¹⁸, General Information Sheet for non-individual¹⁹) to determine whether a client / counterparty is a related party.
- b. To determine client's / counterparty's classification²⁰ with finality, business units shall be required to **accomplish & print** the Related Party Checklist (*Exhibit 2*).

¹⁷ CIF owner shall be determined based on the client's/counterparty's existing relationship with the Company.

¹⁸ includes sole proprietorship, for RPT purposes

¹⁹ or the equivalent document for other type of entities

²⁰ Includes 'Non-Related Party' please refer to BSD M2016/0145 (re: Updated RP Code Field in ICBS-CIF) for the updated list of RP classification & respective codes

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However, for counterparties initially identified as Director & spouse / relatives up to 1st degree of Directors, Officer & spouse/relatives up to 1st degree of Officers, Stockholder (owning at least 1%), or Subsidiary based on the accomplished / submitted information sheet, use of RP Checklist shall no longer be required. Confirmation of RP classification shall be done as follows:

Identified RP Classification	Reference
Director, Stockholder (owning at least 1%) or Subsidiary, and spouse/relatives up to 1 st degree of Directors & Officers	Related Party (RP) Database ²¹
Officer	Employee Self-service (ESS)

Business units shall document verification made by affixing the following details in the corresponding information sheet (i.e., RP Questionnaire for individual & GIS for non-individual):

1. RP classification (i.e., Director, Officer, Stockholder, or Subsidiary, or Related Interest (for spouse/relatives up to 1st degree of BDOLF Directors /Officers)
 2. Date of verification
 3. Signature of reviewing & approving personnel
- c. Business units shall ensure that accounts identified and confirmed to be a related party are properly tagged in the respective transaction system/database (AAF, FaMS, FMS, and/or ICBS-CIF)

To determine if the client / counterparty has already been tagged in ICBS, business units shall refer to the RP Database. Tagging of accounts in ICBS shall be done on the following instances:

- if client's / counterparty's name is found in the database but without a Logical Branch Code
- if client's / counterparty's name is found in the database but RP classification is incorrect / not updated
- if client's / counterparty's name is not found in the database.

Notes:

- To facilitate updating of RP Database, both the newly-identified related parties and non-related parties²² shall be tagged in AAF, FaMS, FMS, and/or ICBS accordingly.
 - Please refer to BSD M2016/0145 (Updated RP Code Field in ICBS-CIF) for the updated RP Codes
 - For names without indicated CIF owner / Logical Branch Code²³ & names not found in the database, CIF owner shall be identified based on the client's / counterparty's existing relationship with the Company, as disclosed in the Customer Information Sheet (CIS) or equivalent document.
 - In exception cases where identified RPs do not have any transaction captured in AAF, FaMS, FMS and/or ICBS (e.g. Lessors who may not be maintaining an account with the Company), business units shall request inclusion in the RP Database by sending an e-mail to Compliance.²⁴
- d. Details of verification against the RP Database, and subsequent tagging in the AAF, FaMS, FMS and/or ICBS-CIF or endorsement to Compliance shall be recorded in the applicable information sheet (e.g., RP Questionnaire, GIS or RP Checklist).

²¹ posted in the designated BDOLF Shared folder. For Officers, the BDO Employee Self-Service shall be used as reference.

²² to cover those accounts previously identified/tagged as RP but subsequently became a non-RP

²³ Identified as RP based on available information with the Office of the Corporate Secretary

²⁴ Specific e-mail address to be announced by Compliance separately

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- e. Concerned CIF Owner and Compliance shall send an e-mail confirmation on successful tagging in ICBS, AAF, FaMS, and FMS and inclusion in RP Database, respectively, to the requesting business unit within three (3) banking days upon receipt of request.
- f. Compliance Office shall be responsible for the periodic updating of the RP Database, as follows:

RP Classification	Schedule of Updating
Directors, Stockholders & Subsidiary ²⁵	Monthly or as necessary
Related Interests ²⁶ , Affiliates ²⁷ & Other Related Party ²⁸	
Directors, Officers ²⁹ & Stockholders ³⁰ of Select Affiliated ³¹ Companies	Quarterly or as necessary

*The List of Select Senior Officers of BDOLF (SVPs & up with significant influence)³² shall be updated as necessary.

The RP Database shall bear the notation 'Updated as of (date)' for the guidance of the business units.

9. To capture subsequent changes in relationships (i.e., unrelated party becoming a related party & vice versa, and changes in RP classification), business units shall require existing clients / counterparties to accomplish the Related Party Questionnaire³³ (*Exhibit 3*) (for individual) or submit updated General Information Sheet (for non-individual) on the following instances:

- upon renewal of the credit facility / agreement / contract;
- upon re-accreditation of vendor / service provider or renewal of contract, whichever comes first;
- upon updating of terms & conditions;
- upon client's voluntary disclosure of information (for client-initiated updating)

The RPT approval & reporting requirements shall apply based on the client's updated/latest RP classification (i.e. to be determined upon accomplishment of RP Questionnaire / Checklist, or verification of information against the RP Database³⁴), and the amount involved in the transaction. Please refer to **Annex 2** for the Approval Matrix.

Note: To ensure that the RP Database is up-to-date, immediate updating of RP code tagging in AAF, FaMS, FMS and/or ICBS-CIF following the account's change in classification shall be done.

25 Identified as RP based on available information with the Office of the Corporate Secretary

26 via extract file from AAF, FaMS, FMS or ICBS-CIF

27 Compliance Office shall consolidate data from the Office of the Corporate Secretary and those extracted from AAF, FaMS, FMS and/or ICBS-CIF, prior to posting in the RP Database. The list is partial or non-exclusive in nature. Business units shall look at the ownership structure of the concerned entity and conduct due diligence to determine if it is an affiliate of BDOLF as defined in item II.1.C.

28 Compliance Office shall consolidate data from the Office of the Corporate Secretary and those extracted from AAF, FaMS, FMS and/or ICBS-CIF, prior to posting in the RP Database.

29 "Officer of the affiliated company" shall refer to: President, Chief Executive Officer, Chief Financial Officer, or Treasurer.

30 "Stockholder of an affiliated company" shall refer to an individual stockholder of an affiliated company and/or his relatives within the first degree of affinity or consanguinity **holding more than 50%** of the subscribed capital of the affiliated company.

31 Affiliated companies shall refer to the following: a. juridical/corporate Related Interests (RI); b. subsidiaries & affiliates of BDOLF; c. Any party that the bank exerts direct/indirect control over, or that exerts direct/indirect control over BDOLF

32 one of the references in identifying Other Related Parties

33 The handling Account Officer/frontliner may accomplish the questionnaire based on interview with the client / highly-reliable sources, in exception cases where it is not practicable for the client to accomplish such.

34 Posted in the designated BDOLF Shared Folder; for Officers, reference will be the BDO's Employee Self-service (ESS)

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10. Disclosure Requirements for Related Party Transactions

a. Transaction approval documents shall bear the following information:

- a.1. related party classification of client / counterparty, and the basis for such classification
- a.2. comparative terms and conditions (vs. non-RPTs of the company, or other company's similar transaction)

Notes:

- 1. In cases where relevant pricing terms are not available at the time of approval (such as interest rate which shall be determined upon loan booking and not upon initiation of credit proposal), disclosure on the timing and documentation of such shall be done on the appropriate transaction media (e.g., Credit Proposal). To illustrate, the following notation shall be indicated on the Credit Proposal upon credit initiation for BDOLF Marketing Units:

"The actual interest rate to be charged at booking date shall be comparable to similar transactions of non-related parties similarly situated or risk-rated, and will be substantiated/documented in the Request for Booking."

- 2. Transaction documents not bearing the required disclosures shall be returned by the designated personnel / secretariat of the delegated authority to the concerned business unit.
- b. To further aid RPTC/BOD in determining whether the transaction is fair or not more favorable than similar transactions with non-related parties, the prescribed benchmarking template (*Exhibit 1-E for credit transaction & Exhibit 1-F for non-credit transactions*) shall be accomplished by business units for all RPTs.

Note: For credit transactions, the interest rate³⁵ charged at booking date shall be reported to RPTC by re-submitting the corresponding benchmarking template used for the approved credit facility, with the actual interest rate likewise benchmarked against non-RPT accounts. Deviations from the rates approved by the management shall require disclosure.

- c. Disclosure of details³⁶ of material related party transactions shall be made by the Company in its Annual Stockholders' Meeting, and in the Annual Report, as necessary. Likewise, the Company's updated policy regarding related party transactions shall be disclosed in the website & in the Annual Corporate Governance Report.

11. Reporting of Related Party Transactions

In addition to the required reports on transactions with DOSRI, Subsidiaries & Affiliates, the following reports shall be prepared:

³⁵ Determined following BDOLF's Guidelines on Pricing of Loans reviewed and approved by the RPTC

³⁶ Nature, terms and conditions, as well as original and outstanding individual and aggregate balances, including off-balance sheet commitments.

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a. Reports for BSP

Report Name	Purpose	Unit Responsible for Manual Preparation/ Extraction	Unit Responsible for Consolidation / Submission to Designated Recipient	Schedule of Submission
1. Report on Material Related Party Transactions (Annex A)	Compliance to regulatory requirement	<p>- Comptrollership-Subsidiaries Accounting (<i>based on Exhibit 1/1A prepared by the Secretariat of the delegated approving authority</i>)</p> <p>Notes:</p> <p>a. The parent bank's report shall contain <u>all the company's transactions with any related party</u>, (i.e., including all subsidiaries & affiliates, whether BSP-supervised or not).</p> <p>b. In case both the company and the counterparty are supervised by BSP, only the lessor, in case of a lease contract, or the party engaging/requesting the services, in case of other contracts, shall do the reporting of the transaction.</p> <p>c. Please refer to <i>Exhibits 1 & 1A</i> for the report template.</p>	<p>Comptrollership-FRCD</p> <p>Note: The Annex A to be submitted to BSP by Comptrollership - FRCD shall also include the RPTs to be reported by BSP-supervised non-bank financial subsidiaries of BDO.</p>	<p>Submission by the Office of the Corporate Secretary / Comptrollership-Subsidiaries Accounting to Comptrollership - FRCD:</p> <p><u>Within fourteen (14) calendar days after the reference quarter</u></p> <p>Submission by Comptrollership - FRCD to BSP:</p> <p><u>Within twenty (20) calendar days after the reference quarter</u></p>

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b. Internal Reports

Report Name	Purpose	Unit Responsible for Preparation/ Extraction (for automated reports)	Unit Responsible for Consolidation / Submission to Designated Recipient	Schedule of Submission
1. Report on Material RPTs (Exhibit 1-1A)	To secure RPTC / BOD's approval	Designated Unit / Concerned Business Unit		Prior to execution of transaction
2. Report on Aggregated Non-material, Non-credit RPTs Breaching the Materiality Threshold (Exhibit 1B)				
3. Monthly Report on Outstanding Exposures to Related Parties (Annex B)	For use by RPTC in monitoring credit exposures (as to status, total exposures per related party group, & aggregate exposures to all related parties)	BDOLF Comptrollership		Within eight (8) banking days after the reference month
4. Annual Report on Non-Material RPTs (Aggregated per RP) Exhibit 1C-1D	To facilitate monitoring of exposure, & for RPTC/BOD's confirmation/notation	Designated Unit / Concerned Business Unit ³⁷		Within ten (10) calendar days after year-end
5. Quarterly Report on Conglomerate Structure	For use by RPTC in monitoring changes in relationship	Office of the Corporate Governance		Within five (5) banking days prior to the next scheduled RPTC meeting

12. Stress Testing of Exposures

- a. On an annual basis, BDOLF RMU - Risk Management Unit (RMU) shall conduct a stress testing exercise on the company's related party exposures to determine its impact on capital adequacy ratios
- b. The RPTC shall be furnished by RMG-RASCU with the results of the stress testing exercise.

13. Handling of Abusive RPTs³⁸

- a. Abusive RPTs shall be handled as follows:

³⁷ For RPTs not coursed thru / reported by the Secretariat of the delegated approving authority (e.g. credit transactions, leases)

³⁸ An RPT not conducted at arms's length

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Personnel involved in the Complaint	Unit Responsible for Investigation
Employee	Cases Review Committee (CRC)-Secretariat
Director	Corporate Governance Committee ³⁹

- b. Any member of the investigating committee who is a subject of the complaint shall recuse himself/herself from participating in the handling of the case.
- c. Reporting and investigation of abusive RPTs shall be handled following the Company's existing code of conduct and Whistleblowing Guidelines, while restitution of losses and remedies for abusive RPTs shall be handled following the Company's Cases Review Guidelines (for employees) and applicable guidelines (for Directors)

14. RPT Awareness Training

- a. Compliance shall coordinate with HR- Training for the inclusion and updating of the RPT module in the company's training program for employees.

15. Roles of Internal Audit and Compliance

- a. Internal Audit shall perform a periodic review of the effectiveness of the Company's system, controls and policies governing related party transactions, and shall report findings in the RPTC meeting following the issuance of the final report to concerned business unit.
- b. Compliance shall ensure that the Company's policies are up-to-date. It shall also conduct compliance test review of related party accounts/transactions to check concerned unit's compliance with RPT requirements, and shall report findings in the RPTC meeting following the issuance of the final report to concerned business unit.

³⁹ Thru the Office of the Corporate Governance

Date : _____
For : Related Party Transactions Committee (RPTC)
Board of Directors (BOD)
BDO Leasing and Finance, Inc.
Thru : The Office of the Corporate Secretary
From : <Name>
<Rank> and <Department / Group Name> Head
Subject : Request for Exclusion from RPT Approval & Reporting Requirements

The Management of <Department / Group Name> would like to request the approval of the RPTC & BOD for the exclusion of _____ from the existing RPT approval & reporting requirements based on the following justifications:

1. _____
2. _____
3. _____

(Specify & attach supporting documents, as necessary.)

Please rest assured that the cited transaction will continue to be handled on an arm's length basis.

Thank you.

<Name>
<Rank>
<Department> Head

<Name>
<Rank>
<Group> Head

RPT Approval Matrix

Annex 2

I. Credit Transactions						
Transaction ¹	Amount	Related Party	DISPOSITION			
			Transaction Approval	Endorsement	Approval	Confirmation
			Designated Approver ²	RPTC	BOD	
A. Within / Above Materiality Threshold						
1. Credit Facilities, Investments & Joint Ventures	PhP10M & above per transaction	All	✓	✓	✓	
2. Write-off of Related Party Transactions	PhP1M & above per transaction		✓	✓	✓	
B. Below Materiality Threshold						
1. Credit Facilities, Investments & Joint Ventures	below PhP10M	DOSRI, Subsidiaries or Affiliates	✓		✓	
2. Write-off of Related Party Transactions	below PhP1M		✓		✓	
C. Below Materiality Threshold						
1. Credit Facilities, Investments & Joint Ventures	below PhP10M	Other Related Parties	✓			✓
2. Write-off of Related Party Transactions	below PhP1M		✓		✓	

- 1 Existing DOSRI rules (such as but not limited to the following: BSP Circular No. 423 re Ceilings on Loans/Credit Accommodations to DOSRI; BSP Circular No. 560 re Ceilings on Loans/Credit Accommodations to Subsidiaries/Affiliates; BSP Circular No. 737 re Real Estate and Chattel Transactions with DOSRI/Employees; BSP Circular No. 749 re Guidelines on Corporate Governance) shall apply.
- 2 based on the latest approval matrix

RPT Approval Matrix

II. Non-credit Transactions

Transaction ³	Amount	Related Party	DISPOSITION			
			Transaction Approval	Endorsement	Approval	Confirmation
			Designated Approver ⁴	RPTC	BOD	
A. Within / Above Materiality Threshold						
1. Services	PhP1M and above per transaction	All	✓	✓	✓	
2. Goods and Materials	PhP1M and above per transaction		✓	✓	✓	
3. Leases	PhP1M and above per transaction		✓	✓	✓	
4. Assets	PhP1M and above per transaction		✓	✓	✓	
B. Below Materiality Threshold						
1. Services	below PhP1M	All	✓			✓
2. Goods and Materials	below PhP1M		✓			✓
3. Leases	below PhP1M		✓			✓
4. Assets	below PhP1M		✓			✓

³ Existing DOSRI rules (such as but not limited to the following: BSP Circular No. 423 re Ceilings on Loans/Credit Accommodations to DOSRI; BSP Circular No. 560 re Ceilings on Loans/Credit Accommodations to Subsidiaries/Affiliates; BSP Circular No. 737 re Real Estate and Chattel Transactions with DOSRI/Employees; BSP Circular No. 749 re Guidelines on Corporate Governance) shall apply.

⁴ based on the latest approval matrix

- a. proposed material RPTs
 - b. proposed additional transaction/s for exclusion from materiality threshold & reporting requirements
2. Report to BOD the Company's aggregate exposure to each related party, and the total amount of exposures to all related parties on a monthly basis.
 3. Review & confirm non-material RPTs
 4. Evaluate and approve classification of counterparties who do not fall in any of the definitions specified in item II. 1 of the PPC, but whose interests may pose actual or potential conflict with the interest of the company, as determined by the concerned business unit.

F. Board of Directors (BOD)

1. Review & approve the following:
 - a. proposed material RPTs
 - b. proposed non-material RPTs involving credit accommodations to DOSRI, Subsidiary or Affiliate, & write-off (regardless of related party)
 - c. proposed additional transaction/s for exclusion from materiality threshold & reporting requirements
2. Review & confirm non-material RPTs except those cited in item F.1.b above.

G. Office of the Corporate Secretary

1. Update / Furnish Compliance Unit with the following data:
 - a. Directors of BDOLF
 - b. Stockholders of BDOLF (owning at least 1% of the Company's total subscribed capital)
 - c. Subsidiaries of BDOLF
 - d. Select Affiliates⁵ of BDOLF
 - e. Directors, Officers⁶ and Stockholders⁷ of select affiliated⁸ companies
2. Update the Report on Material RPTs (*Exhibit 1/1A*) by specifying the date of approval of BOD as the "Transaction Date".
3. Consolidate softcopies of Report on Material RPTs (*Exhibit 1/1A*) on a quarterly basis, and transmit the following documents to Comptrollership-FRCD within fourteen (14) calendar days after the reference quarter:
 - a. signed hardcopy of Report/s on Material RPTs (*Exhibit 1/1A*)
 - b. softcopy of consolidated Report on (approved) Material RPTs

H. BDO Comptrollership - Financial and Reporting Control Department (FRCD)

1. On a quarterly basis, receive and consolidate the Report on Material RPTs of the main bank and its BSP-supervised non-bank financial subsidiaries.
2. Check the consolidated Report on Material RPTs against the corresponding signed hardcopy upon

⁵ The list is partial and non-exclusive in nature. Business units shall look at the ownership structure of the concerned entity and conduct due diligence to determine if it is an affiliate of BDOLF as defined in item II.1.C. of the PPC

⁶ "Officer of the affiliated company" shall refer to the President, Chief Executive Officer, Chief Financial Officer, or Treasurer.

⁷ "Stockholder of an affiliated company" shall refer to an individual stockholder of an affiliated company and/or his relatives within the first degree of affinity or consanguinity holding more than 50% of the subscribed capital of the affiliated company.

⁸ Affiliated companies shall refer to the following: a. juridical/corporate Related Interests (RI); b. subsidiaries & affiliates of BDOLF; c. Any party that the bank exerts direct/indirect control over, or that exerts direct/indirect control over BDOLF.

A. Business Units

1. Determine related party classification of the borrower / counterparty.
2. Tag/Facilitate tagging of accounts in the respective system or database (e.g., Ambit Asset Finance (AAF) for borrowing clients; applicable system / database for supplies / service providers, lessees, lessors, etc.) and in ICBS/AAF.

For non-CIF owner BUs, request change in tagging and monitor receipt of confirmation on the updated RP tag in ICBS/AAF from the CIF owner.

In exception cases where identified related parties do not have any transaction captured in ICBS/AAF, request inclusion in the RP Database by sending an e-mail to Compliance¹, and monitor receipt of confirmation.

3. Obtain data to show that terms and conditions granted to related borrower / counterparty are not more favorable than similar transactions with non-related parties, or are comparable with similar transactions of other entities. Please refer to *Exhibit 1E & Exhibit 1F* for the benchmarking template for credit & non-credit RPTs, respectively.
4. Disclose the required data in the applicable transaction document (e.g., Credit Proposal, Request for Booking, Purchase Order, etc.).
5. Submit related party transactions (RPTs) for approval to the delegated authority.
6. Submit non-material RPTs to the RPTC & Board of Directors for confirmation².
7. Provide justification for additional transaction/s to be excluded from materiality threshold & reporting requirements, if any, coordinate such with Compliance, and secure RPTC and BOD's approval once clearance from Compliance is obtained.
8. Secure approval from RPTC on proposed classification of counterparties who do not fail in any of the definitions specified in item II.1 of the PPC, but whose interests may pose actual or potential conflict with the interest of the company.

B. CIF Owners

1. Tag accounts in ICBS/AAF, and as applicable, send e-mail confirmation on successful tagging to the requesting business unit within three (3) banking days.
2. Following existing DOSRI rules, secure BOD approval for the outstanding credit transactions of accounts with changed classification (i.e., from non-RP to RP, or change to higher RP classification).

C. Delegated Approving Authority³

1. Review and approve transactions following existing approval guidelines.
2. Endorse material and select non-material RPTs to the delegated approving authority.

D. Secretariat of the Delegated Approving Authority

1. Sort RPTs for endorsement to the delegated authority, as follows:

1 specific e-mail address to be announced by Compliance separately
 2 For RPTs not coursed thru / reported by the Secretariat of the delegated approving authority (e.g. credit transactions, leases)
 3 based on the latest approval matrix

Type of RPT	Delegated Authority	Disposition
a. all material RPTsand select <u>aggregated non-material non-credit</u> RPTs breaching materiality threshold ⁴	Related Party Transactions Committee (RPTC) and Board of Directors (BOD)	Approval
b. non-material RPTs involving: b.1. credit accommodations to DOSRI, Subsidiaries or Affiliates; b.2. write-off (regardless of related party)	BOD	Approval
c. Non-material RPTs except those cited in item 1.b above	BOD	Confirmation

2. Prepare & submit for review the Report on Material RPTs (*Exhibit 1/1A*) to be attached to the approval media of proposed material RPTs.

3. Transmit documents, as follows:

Item for Transmittal	Recipient
a. Material RPTs and select aggregated non-material, non-credit RPTs breaching the materiality threshold Hardcopy of transaction approval documents and Report on Material RPTs (<i>Exhibit 1/1A</i>) Softcopy of the Report on Material RPTs (<i>Exhibit 1/1A</i>)	RPTC Office of the Corporate Secretary
b. Non-material RPTs cited in item D.1.b above Hardcopy of transaction approval documents	BOD
c. Non-material RPTs except those cited in item D.1.b above Hardcopy of transaction approval documents	Concerned business unit (for subsequent submission to BOD for confirmation)

E. Related Party Transactions Committee (RPTC)

1. Evaluate the following and endorse the same to the Board of Directors (BOD) for approval:

⁴ applicable to sale of assets, sale/purchase of goods & materials, and leases; prior RPTC/BOD approval shall be required if aggregated YTD RPT shall reach the PHP10M materiality threshold for credit transactions and PHP1M for non-credit transactions

receipt of the documents from the Office of the Corporate Secretary (for the main company's RPTs) and Comptrollership - Subsidiaries Accounting (for the RPTs of BSP-supervised non-bank financial subsidiaries of the company).

3. Prepare *Annex A* cover and secure appropriate approvals.

4. Submit the signed-off *Annex A* to BSP within 20 calendar days after the reference quarter.

I. BDOLF Comptrollership

1. Prepare / Extract Monthly Report on Outstanding Exposures to Related Parties (Annex B) and submit the same to RPTC thru the Office of the Corporate Secretary (i.e., within 8 banking days after the reference month).

J. Concerned Business Units

1. On a monthly basis, re-submit to RPTC the benchmarking template of account/s (i.e., material RPTs previously-approved by RPTC) with loan/finance lease availments to present the actual interest charged at booking date.

K. RMU

1. On an annual basis, conduct a stress testing exercise on the company's related party exposure vis-a-vis the established capital, and furnish RPTC with the results.

L. Compliance Unit

1. Provide the data on select Senior Officers of the Company (SVPs and up who has the ability to exercise significant influence on the outcome of the RPT).
2. Perform updating of RP Database on a regular basis.
3. Conduct compliance test review of related party accounts/transactions to check concerned unit's compliance with RPT requirements, and report findings in the RPTC meeting following the issuance of the final report to concerned business unit
4. Ensure that the company's policies are up-to-date.
5. Facilitate inclusion (in the RP Database) of identified RPs without any transaction captured in ICBS/AAF, and send an e-mail confirmation on successful inclusion to the requesting business unit within three (3) banking days upon receipt of request.
6. Coordinate with business units requesting exclusion of transactions from the RPT approval & reporting requirements.
7. Coordinate with HR- Training for the inclusion and updating of the RPT module in the company's training program for employees.

M. Internal Audit

1. Perform a periodic review of the effectiveness of the company's system, controls and policies governing related party transactions, and report findings in the RPTC meeting following the issuance of the final report to concerned business unit

Annex A

Category:

Category A-1

Deadline:

20 calendar days
after the reference
quarter

Name of Bank		Code
Address		

Report on Material Related Party Transactions

As of	(Quarter-End)
-------	---------------

REPUBLIC OF THE PHILIPPINES)
_____) S.S.

I solemnly swear that all matters set forth in this report are true and correct, to the best of my knowledge and belief.

Signature of Officer / Alternate

SUBSCRIBED AND SWORN TO BEFORE ME this _____ day of
_____, 20____, affiant exhibiting to me his Community Tax Certificate No. ____ A
on _____, 20____.

Notary Public
Until December 31, 20_____
PTR No. _____
Place _____

Doc. No. _____
Page No. _____
Book No. _____
Series of _____

Date

Company and Subsidiary / Affiliate	Related Counterparty	Relationship Between the Parties	Transaction Date	Type of Transaction	Amount / Contract Price	Terms	Rationale for Entering into the Transaction
A. BDO Leasing and Finance, Inc.							
1. Subsidiaries & Affiliates							
2. DCSRI							
3. Others							
B. Subsidiary 1							
1. Subsidiaries & Affiliates							
2. DCSRI							
3. Others							
C. Subsidiary 2							
1. Subsidiaries & Affiliates							
2. DCSRI							
3. Others							
D. Affiliate 1							
1. Subsidiaries & Affiliates							
2. DCSRI							
3. Others							
E. Affiliate 2							
1. Subsidiaries & Affiliates							
2. DCSRI							
3. Others							

Please indicate in the last column (rationale for entering into the transaction) if the counterparty was a non-related party at the time when the transaction was entered into.

Annex B
Monthly Report

BDO Leasing and Finance, Inc.
Report on Outstanding Exposures to Related Parties
As of _____

Account Name	Outstanding Balance	Aggregate Ceiling*
I. DOSRI		
A. Current Accounts		
Total Current		
B. Past Due Accounts		
Total Past Due		
C. ITL (Items in Litigation)		
Total ITL		
Total DOSRI		PHP _____
II. Subsidiaries & Affiliates		
A. Current Accounts		
Total Current		
B. Past Due Accounts		
Total Past Due		
C. ITL		
Total ITL		
Total Subsidiaries & Affiliates		PHP _____
III. Other Related Parties		
A. Current Accounts		
Total Current		
B. Past Due Accounts		
Total Past Due		
C. ITL		
Total ITL		
Total Other Related Parties		PHP _____
GRAND TOTAL		

*Allowable Aggregate Ceiling for DOSRI, Subsidiaries & Affiliates, & Other Related Parties is based on the following:
a. DOSRI - Maximum of 15% of BDOLF's Qualifying Capital
b. Subsidiaries & Affiliates - Maximum of 15% of BDOLF's Qualifying Capital
c. Other Related Parties - Maximum of 4x of the Qualifying Capital

Company's Total Net Worth - _____
15% of Total Loan Portfolio - _____

1. BDOL's Transactions

Related Counterparty (Name of Related Counterparty, including e.g. address, borrower's (for credit RPTs) credit RPT(s))	Relationship Between the Parties (what makes the parties "Related Parties", e.g., counterparty is a stockholder, etc.)	Transaction Date (the date the transaction was approved by the BOD; to be completed by the Office of the Corporate Secretary upon	Type of Transaction (covered transactions as specified in the PTC)	Amount / Contract Price (should be within or above the materiality threshold)	Term (duration of the contract / transaction)	Rationale for Entering into the Transaction (to be accomplished only for renewal / updating of T&C of an existing RPT)	Type of Transaction (Please check.)		Is credit accommodation advised? (Y/N)	Is credit accommodation secured? (Y/N)	Type of Security (if secured)	Credit Risk Rating of Borrower	Maximum Tenor of Credit Accommodation	Maximum Loanable Amount
							New	Renewal w/ Increase	Renewal w/o Increase					
A. Subsidiaries & Affiliates (refers to ALL the subsidiaries & affiliates of BDO Leasing and Finance, Inc., whether BSP supervised or not)											(e.g., deposit security, real estate security, etc.)			
B. DBSRI (refers to DBSRI of BDO Leasing and Finance, Inc.)														
C. Other Related Parties (related counterparties not covered by A & B above)														

Note: Pricing of the material RPTs is equal or at least comparable to the pricing given to similarly-rated transactions with non-related parties.

*As applicable, please indicate in the last column (Rationale for Entering into the Transaction) if the counterparty was a non-related party at the time when the transaction was entered into.

Prepared by:

Reviewed/Approved by:

I. BDOF's Transactions

Company and Subsidiary / Affiliate	Related Counterparty (Name of Related Counterparty)	Relationship Between the Parties (what makes the parties "Related Parties", e.g., counterparty is a stockholder, etc.)	Transaction Date (the date the transaction was approved by the BOD; to be accomplished by the Office of the Corporate Secretary upon BOD approval)	Type of Transaction (covered transactions as specified in the PPC)	Amount / Contract Price (should be within or above the materiality threshold)	Terms (duration of the contract / transaction)	Rationale for Entering into the Transaction (to be accomplished only for renewal / updating of T&C of an existing RPT)*
A. Subsidiaries & Affiliates (refers to the subs & affiliates of BDO Leasing and Finance, Inc.)							
A.1. With BSP-supervised Subsidiaries as the Counterparty							
A.1.a. With Company as Lessor or Requestor of Service							
A.1.b. With Company as Lessee or Provider of Service							
A.2. With non-BSP-supervised Subsidiaries as the Counterparty							
B. BDOF (refers to DOSRI of BDO Leasing and Finance, Inc.)							
C. Other Related Parties (related counterparties not covered by A & B above)							

Note: Pricing of the material RPTs is equal or at least comparable to the pricing given to similarly-rated transactions with non-related parties.

*As applicable, please indicate in the last column (Rationale for Entering into the Transaction) if the counterparty was a non-related party at the time when the transaction was entered into.

Prepared by:

Reviewed/Approved by:

Exhibit 1-B

Report on Aggregated Non-material, Non-credit RPTs Breaching Materiality Threshold
Date: _____

Type of Transaction:	Purchase of Goods
Name of Counterparty:	
Relationship of BDOLF to Counterparty:	
Year-to-Date Aggregate Exposure to cited RP:	
Amount / Contract Price of New Transaction:	
Total Exposure to Counterparty	-

Prepared by:

Noted by:

Report on Non-material RPTs for Confirmation by RPTC & BOD
 Business Unit: _____
 Date: _____

I. Non-credit Transactions

Related Party	No. of RPTs for the Year	Total Amount of RPTs for the Year
A. Subsidiaries & Affiliates (refers to subs & affiliates of BDOLF)		
1. Related Party 1		
2. Related Party 2		
B. DOSRI (refers to DOSRI of BDOLF)		
1. Related Party 1		
2. Related Party 2		
3. Related Party 3		
C. Other Related Parties (related parties not covered by A & B above)		
1. Related Party 1		
2. Related Party 2		

II. Credit Transactions

Name of Counterparty (Name of Related Party including co-users/co-borrowers)	No. of RPTs for the Year	Total Amount of Credit Line/Facility
A. Other Related Parties		
1. Related Party 1		
2. Related Party 2		

Prepared by: _____

Noted by: _____

Report on Non-material Credit RPTs (Previously-approved by BOD) for Notation by RPTC
Business Unit: _____
Date: _____

Name of Counterparty (Name of Related Party including co-users/co-borrowers)	No. of RPTs for the Year	Total Amount of Credit Line / Facility
A. Subsidiaries & Affiliates (refers to subs & affiliates of BDOLF)		
1. Related Party 1		
2. Related Party 2		
B. DOSRI (refers to DOSRI of BDOLF)		
1. Related Party 1		
2. Related Party 2		
3. Related Party 3		

Prepared by:

Noted by:

RMG Guidelines

1. Following are the five (5) criteria to be used when identifying comparable non-RPT accounts against which the RPT account shall be benchmarked:

- a. Facility - pertains to the type of credit accommodation extended to the RPT. This could be short-term or long-term in nature.
- b. Risk Rating - based on the most recent approved risk rating of the RPT and its comparables
- c. Industry - based on category per Philippine Standard Industrial Classification (PSIC) code
- d. Firm Size - classified as Micro, Small, Medium or Large category
- e. Collateral - collaterals securing the credit facility/ies

2. The AO shall perform benchmarking by checking BDOLF Marketing Unit portfolio for similarly-situated non-RPT accounts using all the five (5) criteria, on a best effort basis.

3. The RPT Benchmarking Template shall be prepared and attached to the Credit Proposal of the RPT for approval. The terms and conditions shall likewise be matched on a per facility basis, for comparability. However, only the NON-STANDARD terms and conditions shall be indicated in the matrix.

4. Upon loan avallment, the same benchmarking template shall be updated by indicating the actual interest rates (likewise benchmarked against non-RPT accounts), and re-submitted to the RPTC on a monthly basis.

NOTE: In case the chosen non-RPT account has no avallment at the time of the related party's loan avallment, an alternate non-RPT account matching the identified parameters, may be used.

RPT Benchmarking Template (CREDIT)

Date: _____

Details of Facility	RP Account ()	Non-RP Account 1 ()	Non-RP Account 2 ()
---------------------	-------------------	----------------------	-------------------------

CRITERIA FOR SELECTION OF COMPARABLE NON-RPT ACCOUNTS:

Facility			
Risk Rating			
Industry			
Firm / Asset Size			
Collateral			

COMPARATIVE TERMS AND CONDITIONS

FACILITY1			
INTEREST RATE			
LOAN VALUE OF COLLATERAL			
TOP UP/PAY DOWN PROVISION			
OTHER NON STANDARD TERMS & CONDITIONS			
Date of Availment			
FACILITY2			
INTEREST RATE			
LOAN VALUE OF COLLATERAL			
TOP UP/PAY DOWN PROVISION			
OTHER NON STANDARD TERMS & CONDITIONS			
Date of Availment			

REMARKS (as applicable)

Prepared by:

Approved by:

Benchmarking Template for RPT (NON-CREDIT)

Exhibit 1-F

RPT Details	Account Name / Related Party	Non-RPT Account	Non-RPT Account
A. Basis for Selection (of Comparable Non- RPT Accounts)			
B. Comparative Terms & Conditions			
Applicable metrics (e.g., unit cost, approved indicative price, lease rate, service fee, etc.), and other relevant details [e.g., interest rate, repayment period & collateral (for sale of assets), price discovery mechanism employed (as applicable), etc.]			
C. Remarks			

Prepared by:

Approved by:

Related Party Checklist
Updated as of _____

Name of Borrower / Counterparty: _____

Date Accomplished: _____

	Relationship Disclosed by Borrower / Counterparty	Applicable to: (Type of Borrower / Counterparty)	Yes / No	RP Tag if the answer is YES ¹	Basis for the RP Tag (appli- cable to items D-H; cite spe- cific relation- ship)
A.	Is the borrower/counterparty a director of BDOLF as verified against the Related Party (RP) Database ² ? Note: Chairman Emeritus is not deemed a director in BDOLF	Individual		Director	
B.	Is the borrower/counterparty an officer of BDOLF as verified against ESS? Note: BDO officers seconded to BDOLF shall be classified as <u>Officer of both the main bank and the host subsidiary</u> . To confirm if an officer of a subsidiary is seconded, please check with BDO-HR.	Individual		Officer	
C.	Is the borrower/counterparty a stockholder* of BDOLF as verified against the RP Database? *Owning (personally or through agent/representative/trustee) at least 1% of BDOLF's subscribed capital stock	Both individual & non-individual		Stockholder	
D.	Does the borrower/counterparty own at least 1% of BDOLF's subscribed capital stock collectively with any of the following: 1. spouse and/or other first degree relatives by consanguinity, affinity or legal adoption; 2. partnership where the stockholder and/or his spouse and/or other first degree relatives by consanguinity, affinity or legal adoption, is a General Partner; 3. corporation, association or firm more than 50% of which is owned by the stockholder and / or his spouse and/or other first degree relatives by consanguinity, affinity or legal adoption.	Both individual & non-individual		Stockholder	
E.1.a	Is the borrower/counterparty a spouse of a BDOLF Director, Officer or Stockholder* (DOS)? *Owning (personally or through agent/representative/trustee) at least 1% of BDOLF's subscribed capital stock (refer to item D above)	Individual		Related Interest	
E.1.b	Is the borrower/counterparty a parent, parent-in-law or legally adoptive parent of a BDOLF DOS?	Individual		Related Interest	

1. **RELATED PARTIES (RP)** refer to the following: DOSRI, Subsidiaries, Affiliates and Other Related Parties acting for them selves, as representative or agent for others, or as guarantors, sureties, endorers, mortgagors, pledgors, assignors, or in any capacity in which (i) they become obligated or may become obligated to BDO to pay money or its equivalent or by any means whatsoever or (ii) there is a transfer of resources, services or obligations between BDO and the RP.
2. posted in the designated BDOLF Sharefolder. For Officers, the BDO Employee Self-Service shall be used as reference.

E.1.c	Is the borrower/counterparty a child (biological or legally adopted) or child-in-law of a BDOLF DOS?	Individual		Related Interest	
E.2	Is the borrower/counterparty a partnership? If yes, is there a general partner* who is also: a. a director, officer, or stockholder (DOS) of BDOLF; or b. a spouse of a BDOLF DOS; or c. a relative within the first degree of consanguinity or affinity of a BDOLF DOS; or d. a relative within the first degree of consanguinity or affinity or a relative by legal adoption of a BDOLF DOS? *A general partner is one whose liability to third persons extends to his separate property.	Non-individual		Related Interest	
E.3	Is the property/interest/right being mortgaged, pledged or assigned to secure the loan or credit accommodation, co-owned by the borrower with: a. a BDOLF DOS; or b. a spouse of a BDOLF DOS; or c. a relative within the first degree of consanguinity or affinity of a BDOLF DOS; or d. a relative by legal adoption of a BDOLF DOS? Note: This will not apply if the mortgage, pledge or assignment covers only the borrower's undivided interest.	Both individual & non-individual		Related Interest	
E.4	Does any or a group of BDOLF Directors, Officers, Stockholders* or their spouses or relatives within the first degree of consanguinity or affinity, or relative by legal adoption directly hold or own at least twenty percent (20%) of the subscribed capital or equity of the borrower/counterparty? *Refer only to natural persons Note: Item E.4 refers to direct ownership of the stockholdings. Thus, beneficial or indirect ownership of the stocks in the borrower corporation is not included in the computation. <i>Please refer to Exhibit 2.1 for the illustration.</i>	Non-individual		Related Interest	
E.5	Is the borrowing entity/counterparty wholly or majority-owned (i.e., more than 50%) or controlled ³ by a Related Interest identi-	Non-individual		Related Interest	

3 Control of an enterprise exists when there is:

- Power over more than one-half of the voting rights by virtue of an agreement with other stockholders; or
- Power to govern the financial and operating policies of the enterprise under a statute or an agreement; or
- Power to appoint or remove the majority of the members of the board of directors or equivalent governing body; or
- Power to cast the majority votes at meetings of the board of directors or equivalent governing body; or
- 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 20 percent or more of a class of voting shares of a company. Should BDOLF choose to disclaim or rebut the presumption, it should provide facts sufficient to show that there is indeed no control. Further, BDOLF shall submit a written commitment that: (1) shares owned or held are exclusively for investment purposes; (2) BDOLF's representative will not serve on the board of directors and will not nominate

	<p>fied in Items E.2 and E.4?</p> <p>Note: Item E.5 also refers to direct ownership in the borrower corporation. Thus, beneficial or indirect ownership of the stocks in the borrower corporation is not included in the computation.</p>				
E.6	<p>Does the borrowing entity/counterparty own or control³ 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 BDOLF, or that which controls³ majority interest of BDOLF?</p> <p>*Substantial Stockholder refers to a person or a group of persons, natural or juridical, whose ownership in a company allows it to elect at least one (1) member of the board of directors; or with stockholdings of at least 10% of any class of equity securities of the company.</p>	Non-individual		Related Interest	
E.7	<p>Is the borrower/counterparty a corporation, association or firm which has an existing management contract or any similar arrangement with BDOLF's parent corporation?</p> <p>*A management contract is any contract whereby</p> <ol style="list-style-type: none"> 1. the borrower/counterparty undertakes to manage or operate all or substantially all of the business [affairs] of BDOLF's parent corporation, whether such contracts are called service contracts, operating agreements or otherwise; or 2. BDOLF's parent corporation undertakes to manage or operate all or substantially all of the business [affairs] of the borrower/counterparty, whether such contracts are called service contracts, operating agreements or otherwise. <p>Note: This requires Business Unit / Account Officer to check if the borrower has an existing management contract with BDOLF's parent corporation.</p>	Non-individual		Related Interest	
E.8	<p>Is the borrowing entity/counterparty a non-governmental organization engaged in retail financing, incorporated by any of the DOS of BDOLF or any related company?</p>	Non-individual		Related Interest	
F.	<p>Does BDOLF directly or indirectly own, control³ and hold with power to vote, more than 50% of the outstanding voting stock of the borrowing entity/counterparty?</p> <p><i>For the list of BDOLF Subsidiaries, please refer to the Related Party Database posted in BDOLF Shared Folder.</i></p>	Non-individual		Subsidiary	
G.	<p>Is the borrower/counterparty related to BDOLF by any of the following means:</p> <ol style="list-style-type: none"> 1.a BDOLF directly or indirectly owns or controls³ with power to vote, at least 20% of the outstanding voting stock of the borrowing entity/counterparty; 1.b The borrowing entity/counterparty directly or indirectly owns or controls³ with power to vote, at least 20% of the outstanding voting stock of BDOLF; 	Non-individual		Affiliate	

any candidate to serve on the board or otherwise seek board representation; (3) BDOLF will have only limited contacts with the enterprise/other party that are customary for interested shareholders; (4) BDOLF will engage only in normal and customary transactions with the other party/enterprise; and (5) BDOLF will not pledge the shares acquired to secure a loan with any

	<p><i>For the list of existing BDOLF Affiliates, please refer to the Related Party Database posted in BDOLF Shared Folder.⁴</i></p> <p>2. There is an interlocking directorship or officership, where the concerned BDOLF director or officer directly or indirectly owns or controls³ with power to vote, at least 20% of the outstanding voting stock of the borrowing entity/counterparty;</p> <p>3. There are common stockholders which directly or indirectly own at least 10% of the outstanding voting stock of BDOLF AND at least 20% of the outstanding voting stock of the borrowing entity/counterparty;</p> <p>4. There is an existing management contract* or any arrangement granting power to BDOLF to direct the management and policies of the borrowing entity/counterparty;</p> <p>*A management contract is any contract whereby BDOLF undertakes to manage or operate all or substantially all of the business [affairs] of the borrower/counterparty, whether such contracts are called service contracts, operating agreements or otherwise.</p> <p>5.a There is a permanent proxy or voting trusts in favor of BDOLF constituting at least 20% of the outstanding voting stock of the borrowing entity/counterparty;</p> <p>5.b There is a permanent proxy or voting trusts in favor of the borrowing entity/counterparty constituting at least 20% of the outstanding voting stock of BDOLF.</p>			
H.1	<p>Is the borrower/counterparty related to BDOLF by any of the following means:</p> <p>a.1 BDOLF directly or indirectly owns or controls³ with power to vote, 10% to less than 20% of the outstanding voting stock of the borrowing entity/counterparty;</p> <p>a.2 The borrowing entity/counterparty directly or indirectly owns or controls³ with power to vote, 10% to less than 20% of the outstanding voting stock of BDOLF;</p> <p>b. There is an interlocking directorship or officership, except in cases involving independent directors or directors holding nominal shares in the borrowing entity/counterparty;</p> <p>c. There are common stockholders which own at least 10% of the outstanding voting stock of BDOLF directly or indirectly, AND directly own 10% to less than 20% of the outstanding voting stock of the borrowing entity/counterparty;</p> <p>d.1 There is a permanent proxy or voting trusts in favor of BDOLF constituting 10% to less than 20% of the outstanding voting stock of the borrowing entity/counterparty;</p> <p>d.2. There is a permanent proxy or voting trusts in favor of the borrowing entity/counterparty constituting 10% to less</p>	Non-individual		Other Related Party

⁴ The list of Affiliates is **partial and non-exclusive** in nature. Business units shall look at the ownership structure of the concerned entity and conduct due diligence to determine if it is an affiliate of BDOLF as defined in item G.

	than 20% of the outstanding voting stock of BDOLF.				
H.2	Is the borrowing entity / counterparty a corporation owned more than 50% by the second-degree relatives, by consanguinity (grandparents, grandchildren, brothers and sisters) or affinity (grandparents-in-law, grandchildren-in-law, brothers-in-law and sisters-in-law), legitimate or common-law ⁵ , of the Directors of BDOLF?	Non-individual		Other Related Party	
H.3	Do the interests of the borrower/counterparty pose actual or potential conflict with the interest of BDOLF? Note: This requires evaluation and approval by the Related Party Transactions Committee (RPTC).	Both individual & non-individual		Other Related Party	
H.4	Is the borrower/counterparty a grandparent / grandchild / brother / sister (biological, legally adopted, or in-law) of a Director or a Senior Officer (select SVP or higher who has the ability to exercise significant influence in the outcome of the transaction) of BDOLF? <i>Please refer to the List of BDOLF Senior Officers With Significant Influence posted in BDOLF Shared Folder (Compliance portal).</i>	Individual		Other Related Party	
H.5	Is the borrower/counterparty a Director, Officer ⁶ , Stockholder ⁷ of BDOLF's affiliated* companies? *Affiliated companies shall refer to: a. juridical/corporate Related Interests (RI) b. subsidiaries & affiliates of BDOLF c. any party that BDOLF exerts direct/indirect control over as provided in item H.1.a.1, or that exerts direct/indirect control over BDOLF as provided in item H.1.a.2	Individual		Other Related Party	
H.6	Is the borrower/counterparty a spouse, parent, child, grandparent / grandchild / brother / sister (biological, legally adopted, or in-law) of a Director or an Officer ⁶ of BDOLF's affiliated companies?	Individual		Other Related Party	

Note: If the counterparty is determined to be both a Related Interest and a Subsidiary or Affiliate, the prevailing RP classification / tag will be Related Interest.

5 relatives arising from a relationship between a man and a woman who live exclusively with each other as husband and wife without the benefit of marriage

6 "Officer of the affiliated company" shall refer to the Officer of the BDO Unibank, Inc. with the rank of Senior Vice President and up and officers of the affiliated companies specifically their President, Chief Executive Officer, Chief Financial Officer, or Treasurer.

7 "Stockholder of an affiliated company" shall refer to an individual stockholder of an affiliated company and/or his relatives within the first degree of affinity or consanguinity **holding more than 50%** of the subscribed capital of the affiliated company.

8 "Officer of the affiliated company" shall refer to the Officer of the BDO Unibank, Inc. with the rank of Senior Vice President and up and officers of the affiliated companies specifically their President, Chief Executive Officer, Chief Financial Officer, or Treasurer.

CHECKING AGAINST RP DATABASE

Date of Checking

Is identified RP found in the Database?

[] YES [] NO

Is the determined classification consistent with the tag in RP Database?

[] YES [] NO

Note: If answer is NO to any of the questions, facilitate tagging in ICBS or AAF / inclusion in RP Database & fill-out the ACTION TAKEN portion below.

ACTION TAKEN**For borrower/counterparty with CIF record:**

- Tagged in ICBS-CIF/AAF; or

Date Tagged:

- Referred to CIF owner for tagging

Date Referred via E-mail:

CIF Owner:

For counterparty without any transaction captured in ICBS/AAF:

- Sent e-mail to Compliance Unit for inclusion in the RP Database

Date Referred via E-mail:

Accomplished by:

Reviewed/Approved by:

Name & Designation_____
Name & Designation

RELATED PARTY QUESTIONNAIRE (Individual)

Name of the Client / Counterparty

Date Accomplished

1. Are you a director, officer or stockholder of BDOLF and/or affiliated companies?

[] Yes [] No

If YES, please specify the following:

Company Name: _____ [] Director [] Officer [] Stockholder

Company Name: _____ [] Director [] Officer [] Stockholder

Company Name: _____ [] Director [] Officer [] Stockholder

For stockholders: Do you own shares of stocks of BDOLF and/or affiliated companies, collectively with your spouse and/or relatives within the first degree of consanguinity or affinity, or relative by legal adoption? [] Yes [] No

If YES, please specify the following:

Name of Co-owner: _____ Relationship: _____

2. Are you a spouse or a first degree relative, i.e., parent or child (biological, legally adopted, or in-law) of a Director, Officer, Stockholder of BDOLF and/or affiliated companies?

[] Yes [] No

If YES, please specify the following: (Please attach additional sheets as necessary.)

Name of Relative

Company Name

Last Name

First Name

Middle Name

Last Name

First Name

Middle Name

Last Name

First Name

Middle Name

3. Are you a second degree relative, i.e., grandparent, brother, sister, (biological, legally adopted, or in-law) of a Director, Officer, Stockholder of BDOLF and/or affiliated companies?

[] Yes [] No

If YES, please specify the following: (Please attach additional sheets as necessary.)

Name of Relative

Company Name

Last Name

First Name

Middle Name

Last Name

First Name

Middle Name

Last Name

First Name

Middle Name

Accomplished by:

Signature Over Printed Name

For BDOLF Use Only	
Borrower's/Counterparty's RP Classification / Date of Verification against RP Database / ESS ¹	Reviewed/Approved By
ACTION TAKEN	
For borrower/counterparty with CIF record:	
- Tagged in ICBS/AAF-CIF; or	Date Tagged:
- Referred to CIF owner for tagging	Date Referred via E-mail:
	CIF Owner:
For counterparty without any transaction captured in ICBS:	
- Sent e-mail to Compliance Unit for inclusion in the RP Database	Date Referred via E-mail:
Accomplished by:	Reviewed/Approved by:
_____	_____
Name & Designation	Name & Designation

1 For identified BDOLF Director, Officer or Stockholder (owning at least 1%) only

GUIDE IN DETERMINING RELATED PARTY CLASSIFICATION & ACCOUNT TAGGING

RELATIONSHIP	RELATED PARTY TAG
1. Director of BDOLF	Director
2. Officer* of BDOLF *Officer refers to Junior Assistant Managers and up	Officer
3. Stockholder* of BDOLF *Owning (personally or through agent/representative/trustee) <u>at least 1% of the bank's subscribed capital stock</u>	Stockholder
4. Spouse or first degree relative, i.e., parent and children (biological, legally adopted, or in-law) of a BDOLF Director, Officer or Stockholder (DOS)	Related Interest
5. Second degree relative, i.e., grandparent, brother, sister, (biological, legally adopted, or in-law) of a BDOLF Director or Senior Officer (i.e., select SVP or higher who has the ability to exercise significant influence in the outcome of the transaction)	Other Related Party (ORP)
6. Director of Affiliated* Companies *Affiliated companies shall refer to: a. juridical/corporate Related Interests (RI) b. subsidiaries & affiliates of BDOLF c. Any party that the company exerts direct/indirect control over, or that exerts direct/indirect control over BDOLF	Other Related Party
7. Officer* of Affiliated Companies *Officer of the affiliated company shall refer to the President, Chief Executive Officer, Chief Financial Officer, or Treasurer of an affiliated company.	Other Related Party
8. Stockholder* of Affiliated Companies *Stockholder of an affiliated company shall refer to an individual stockholder of an affiliated company and/or his relatives within the first degree of affinity or consanguinity holding more than 50% of the subscribed capital of the affiliated company.	Other Related Party
9. Spouse, parent, child, grandparent / grandchild / brother / sister (biological, legally adopted, or in-law) of a Director or an Officer* of BDOLF's affiliated companies *Officer of the affiliated company shall refer to the Officer of the BDO Unibank, Inc. with the rank of Senior Vice President and up and officers of the affiliated companies specifically their President, Chief Executive Officer, Chief Financial Officer, or Treasurer.	Other Related Party

Note: Identified non-related party shall likewise be tagged in ICBS/AAF accordingly (i.e., as Non-RP).

BDO LEASING & FINANCE, INC.

Handling of SEC-defined Material Related Party Transactions (Supplement to BDOLF Related Party Transaction Policy)

I. Overview

This Supplemental Policy establishes the guidelines to be observed in handling material related party transactions as defined in the Securities & Exchange Commission (SEC) Memorandum Circular No. 10, Series of 2019.

All other guidelines specified in BDOLF Related Party Transaction Policy shall remain to be in force.

II. Definition of Terms

- A. **Related Party** - refers to the related parties defined in BDOLF Related Party Transaction Policy (i.e., Director, Officer, Stockholder, Related Interest, Subsidiary, Affiliate, Other Related Party (ORP)) **and** Extended ORP.
- B. **Extended ORP** - 3rd to 4th degree relatives, by consanguinity or affinity, legitimate or common-law¹, of Directors and select Senior Officers of BDOLF (i.e., SVP or higher who has the ability to control or to exercise significant influence on the outcome of the transaction).
- C. **Related Party Transaction (RPT)** - a transfer of resources, services or obligations between BDO and a related party, regardless of whether a price is charged. *(For the list of covered transactions, please refer to 4.a of BDOLF Related Party Transaction Policy).*
- D. **SEC Materiality Threshold** - ten percent (10%) of BDOLF's total assets based on the latest audited financial statement.
- E. **Material RPT** - any RPT, either individually, or in aggregate over a twelve (12)-month period with the same related party, amounting to ten percent (10%) or higher of BDO's total assets.

III. General Guidelines

A. Determination of SEC-defined Material RPTs

1. Borrowers/counterparties with the following transactions shall be subjected to the Expanded Related Party Checklist (*Exhibit 1*):
 - a. single transaction breaching the SEC materiality threshold²
 - b. aggregated credit availments for the past 12 months that breached the internal materiality threshold³

If the borrower/counterparty is determined as an Extended ORP, the concerned business unit shall advise the Compliance Office to include such related party in the Related Party Database.

1 relatives arising from a relationship between a man and a woman who live exclusively with each other as husband and without the benefit of marriage
2 Currently set at PHP4.1 B; subsequent threshold shall be advised by Comptrollership based on the latest year-end audited financial statements
3 Equivalent of 90% of the SEC materiality threshold

BDO LEASING & FINANCE, INC.

Handling of SEC-defined Material Related Party Transactions (Supplement to BDOLF Related Party Transaction Policy)

2. Transaction of borrowers/counterparties confirmed to be a related party shall be handled by the concerned Account Officer (AO)/Processor, as follows:

Transaction	Disposition
Single transaction breaching the SEC materiality threshold	For referral to external independent party ⁴ and approval of designated authorities (per Section B)
Aggregated credit availments for the past 12 months that breached the internal materiality threshold	For notification to the designated unit ⁵
Aggregated transactions (credit and non-credit) for the past 12 months that breached the SEC materiality threshold	For referral to external independent party ⁶ and approval of designated authorities (per Section B)

3. Aggregated credit availments that breached the internal materiality threshold shall be handled as follows:
- Upon receipt of notification from AO, designated unit shall issue an advisory to the concerned business units to trigger reporting of covered transactions of the concerned related party.
 - Concerned business units shall report the following to the designated unit for consolidation:
 - transactions for the past 12 months reckoned from the date of notification
 - subsequent transactions
 - The designated unit shall disseminate/post the list of related parties and corresponding covered transactions as a guide for concerned units in handling subsequent transactions.
 - The concerned business unit with the latest transaction that will breach the internal materiality threshold shall automatically request evaluation of an external independent party.

B. Review and Approval of Material RPTs

- Identified material RPTs shall be evaluated by an external independent party appointed by the Board of Directors (BOD).
- As a general rule, terms and conditions of material RPTs subjected to external evaluation shall be applied to subsequent transactions. Otherwise, the latter shall require another round of evaluation.
- Material RPTs shall be approved as follows:

4 May include, but not limited to, auditing/accounting firms and 3rd party consultants who will handle evaluation of the material RPTs

5 Unit to consolidate data submitted by business units

6 May include, but not limited to, auditing/accounting firms and 3rd party consultants who will handle evaluation of the material RPTs

BDO LEASING & FINANCE, INC.**Handling of SEC-defined Material Related Party Transactions
(Supplement to BDOLF Related Party Transaction Policy)**

Transaction	Related Party	DISPOSITION		
		Transaction Approval	Approval / Endorsement	Approval
		Delegated Authority	RPTC	BOD
Single material RPT	DOSRI, Subs, Affiliates, Other Related Party (ORP), & Extended ORP	✓	✓	✓
Aggregated credit availments for the past 12 months that breached the SEC materiality threshold				

Note: SEC-defined material RPTs shall be approved by at least 2/3 vote of the BOD, with at least a majority of the independent directors voting to approve the proposed transaction. In case 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.

C. Disclosure and Reporting Requirements

1. Approved material RPTs shall be reported to the Securities and Exchange Commission (SEC) via the Advisement Report on Material RPT (*Annex A*).

The cited report shall be signed by the Corporate Secretary (or designated alternate) together with the concerned related party (or authorized representative); and submitted by the designated unit to the SEC within three (3) calendar days after execution date of the transaction.

2. A summary of approved material RPTs during the reporting year shall likewise be disclosed in the Bank's Integrated Annual Corporate Governance Report (I-ACGR) submitted every May 30.

Expanded Related Party Checklist

Updated as of _____

Name of Borrower / Counterparty: _____

Date Accomplished: _____

	Relationship Disclosed by Borrower / Counterparty	Applicable to: (Type of Borrower / Counterparty)	Yes / No	RP Tag if the answer is YES ¹	Basis for the RP Tag (appli- cable to items D-H; cite spe- cific relation- ship)
A.	Is the borrower/counterparty a director of BDOLF as verified against the Related Party (RP) Database ² ?	Individual		Director	
B.	Is the borrower/counterparty an officer of BDOLF as verified against ESS? Note: BDO officers seconded to subsidiaries shall be classified as <u>Officer of both the main bank and the host subsidiary</u> . To confirm if an officer of a subsidiary is seconded, please check with BDO-HR.	Individual		Officer	
C.	Is the borrower/counterparty a stockholder* of BDOLF as verified against the RP Database? *Owning (personally or through agent/representative/trustee) at least 1% of BDO's subscribed capital stock	Both individual & non-individual		Stockholder	
D.	Does the borrower/counterparty own at least 1% of BDOLF's subscribed capital stock collectively with any of the following: 1. spouse and/or other first degree relatives by consanguinity, affinity or legal adoption; 2. partnership where the stockholder and/or his spouse and/or other first degree relatives by consanguinity, affinity or legal adoption, is a General Partner; 3. corporation, association or firm more than 50% of which is owned by the stockholder and / or his spouse and/or other first degree relatives by consanguinity, affinity or legal adoption.	Both individual & non-individual		Stockholder	
E.1.a	Is the borrower/counterparty a spouse of a BDOLF Director, Officer or Stockholder* (DOS)? *Owning (personally or through agent/representative/trustee) at least 1% of BDOLF's subscribed capital stock (refer to item D above)	Individual		Related Interest	
E.1.b	Is the borrower/counterparty a parent, parent-in-law or legally adoptive parent of a BDOLF DOS?	Individual		Related Interest	
E.1.c	Is the borrower/counterparty a child (biological or legally adopted) or child-in-law of a BDOLF DOS?	Individual		Related Interest	
E.2	Is the borrower/counterparty a partnership? If yes, is there a general partner* who is also: a. a director, officer, or stockholder (DOS) of BDOLF; or b. a spouse of a BDOLF DOS; or c. a relative within the first degree of consanguinity or affinity or a relative by legal adoption of a BDO DOS?	Non-individual		Related Interest	

¹ **RELATED PARTIES (RP)** refer to the following: DOSRI, Subsidiaries, Affiliates and Other Related Parties acting for them selves, as representative or agent for others, or as guarantors, sureties, endorsers, mortgagors, pledgors, assignors, or in any capacity in which (i) they become obligated or may become obligated to BDOLF to pay money or its equivalent or by any means whatsoever or (ii) there is a transfer of resources, services or obligations between BDOLF and the RP.

² posted in the designated BDOLF Share Folder. For Officers, the BDO Employee Self-Service shall be used as reference.

	*A general partner is one whose liability to third persons extends to his separate property.				
E.3	<p>Is the property/interest/right being mortgaged, pledged or assigned to secure the loan or credit accommodation, co-owned by the borrower with:</p> <p>a. a BDOLF DOS; or</p> <p>b. a spouse of a BDOLF DOS; or</p> <p>c. a relative within the first degree of consanguinity or affinity or a relative by legal adoption of a BDOLF DOS?</p> <p>Note: This will not apply if the mortgage, pledge or assignment covers only the borrower's undivided interest.</p>	Both individual & non-individual		Related Interest	
E.4	<p>Does any or a group of BDOLF Directors, Officers, Stockholders* or their spouses or relatives within the first degree of consanguinity or affinity, or relative by legal adoption directly hold or own at least twenty percent (20%) of the subscribed capital or equity of the borrower/counterparty?</p> <p>*Refer only to natural persons</p> <p>Note: Item E.4 refers to direct ownership of the stockholdings. Thus, beneficial or indirect ownership of the stocks in the borrower corporation is not included in the computation.</p>	Non-individual		Related Interest	
E.5	<p>Is the borrowing entity/counterparty wholly or majority-owned (i.e., more than 50%) or controlled³ by a Related Interest identified in Items E.2 and E.4?</p> <p>Item E.5 also refers to direct ownership in the borrower corporation. Thus, beneficial or indirect ownership of the stocks in the borrower corporation is not included in the computation.</p>	Non-individual		Related Interest	
E.6	<p>Does the borrowing entity/counterparty own or control⁴ 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 BDOLF, or which controls⁴ majority interest of BDOLF?</p> <p>*Substantial Stockholder refers to a person or a group of persons, natural or juridical, whose ownership in a company allows it to elect at least one (1) member of the board of directors; or with stockholdings of at least 10% of any class of equity securities of the company.</p>	Non-individual		Related Interest	
E.7	<p>Is the borrower/counterparty a corporation, association or firm which has an existing management contract or any similar arrangement with BDOLF's parent corporation?</p> <p>*A management contract is any contract whereby</p> <p>1. the borrower/counterparty undertakes to manage or operate all or substantially all of the business [affairs] of BDOLF's parent corporation, whether such contracts are called service contracts, operating agreements or otherwise; or</p>	Non-individual		Related Interest	

³ Control of an enterprise exists when there is:

- Power over more than one-half of the voting rights by virtue of an agreement with other stockholders; or
- Power to govern the financial and operating policies of the enterprise under a statute or an agreement; or
- Power to appoint or remove the majority of the members of the board of directors or equivalent governing body; or
- Power to cast the majority votes at meetings of the board of directors or equivalent governing body; or
- Any other arrangement similar to any of the above.

CHECKING AGAINST RP DATABASE	
Date of Checking	
Is identified RP found in the Database?	[] YES [] NO
Is the determined classification consistent with the tag in RP Database?	[] YES [] NO
Note: If answer is NO to any of the questions, facilitate tagging in ICBS / AAF/ FMS/ FaMS and inclusion in RP Database & fill-out the ACTION TAKEN portion below.	
ACTION TAKEN	
For borrower/counterparty with CIF record:	
- Tagged in ICBS-CIF/ AAF/ FMS/ FaMS; or	Date Tagged:
- Referred to CIF owner for tagging	Date Referred via E-mail:
	CIF Owner:
For counterparty without any transaction captured in ICBS/AAF/FMS/FaMs:	
- Sent e-mail to Compliance Office for inclusion in the RP Database	Date Referred via E-mail:
Accomplished by:	Reviewed/Approved by:
<div style="border-top: 1px solid black; width: 100%;"></div> Name & Designation	<div style="border-top: 1px solid black; width: 100%;"></div> Name & Designation

	<p>2. BDOLF's parent corporation undertakes to manage or operate all or substantially all of the business [affairs] of the borrower/counterparty, whether such contracts are called service contracts, operating agreements or otherwise.</p> <p>Note: This requires Business Unit / Account Officer to check if the borrower has an existing management contract with BDOLF's parent corporation.</p>			
E.8	Is the borrowing entity/counterparty a non-governmental organization engaged in retail financing, incorporated by any of the DOS of BDOLF or any related bank?	Non-individual	Related Interest	
F.	Does BDOLF directly or indirectly own, control ⁴ and hold with power to vote, more than 50% of the outstanding voting stock of the borrowing entity/counterparty?	Non-individual	Subsidiary	
G.	<p>Is the borrower/counterparty related to BDOLF by any of the following means:</p> <p>1.a BDOLF directly or indirectly owns or controls⁴ with power to vote, at least 20% of the outstanding voting stock of the borrowing entity/counterparty;</p> <p>1.b The borrowing entity/counterparty directly or indirectly owns or controls⁴ with power to vote, at least 20% of the outstanding voting stock of BDOLF;</p> <p>2. There is an interlocking directorship or officership, where the concerned BDOLF director or officer directly or indirectly owns or controls⁴ with power to vote, at least 20% of the outstanding voting stock of the borrowing entity/counterparty;</p> <p>3. There are common stockholders which directly or indirectly own at least 10% of the outstanding voting stock of BDOLF AND at least 20% of the outstanding voting stock of the borrowing entity/counterparty;</p> <p>Please refer to Exhibit 2.4 for the illustration.</p> <p>4. There is an existing management contract* or any arrangement granting power to BDOLF to direct the management and policies of the borrowing entity/counterparty;</p> <p>*A management contract is any contract whereby BDOLF undertakes to manage or operate all or substantially all of the business [affairs] of the borrower/counterparty, whether such contracts are called service contracts, operating agreements or otherwise.</p> <p>5.a There is a permanent proxy or voting trusts in favor of BDOLF constituting at least 20% of the outstanding voting stock of the borrowing entity/counterparty;</p> <p>5.b There is a permanent proxy or voting trusts in favor of the borrowing entity/counterparty constituting at least 20% of the outstanding voting stock of BDOLF.</p>	Non-individual	Affiliate	
H.1	<p>Is the borrower/counterparty related to BDOLF by any of the following means:</p> <p>a.1 BDOLF directly or indirectly owns or controls⁴ with power to vote, 10% to less than 20% of the outstanding voting stock of the borrowing entity/counterparty;</p> <p>a.2 The borrowing entity/counterparty directly or indirectly owns or controls⁴ with power to vote, 10% to less than 20% of the outstanding voting stock of BDOLF;</p> <p>b. There is an interlocking directorship or officership, except in cases involving independent directors or directors holding nominal shares in the borrowing entity/counterparty;</p> <p>c. There are common stockholders which directly or indirectly own at least 10% of the outstanding voting stock of BDOLF, AND directly own 10% to less than 20% of the outstanding voting stock of the borrowing entity/counterparty;</p>	Non-individual	Other Related Party (ORP)	

	<p>d.1 There is a permanent proxy or voting trusts in favor of BDOLF constituting 10% to less than 20% of the outstanding voting stock of the borrowing entity/counterparty;</p> <p>d.2. There is a permanent proxy or voting trusts in favor of the borrowing entity/counterparty constituting 10% to less than 20% of the outstanding voting stock of BDOLF.</p>				
H.2	<p>Do the interests of the borrower/counterparty pose actual or potential conflict with the interest of BDOLF?</p> <p>Note: This requires evaluation and approval by the Related Party Transactions Committee (RPTC).</p>	Both individual & non-individual		ORP	
H.3	<p>Is the borrower/counterparty a grandparent / grandchild / brother / sister (biological, legally adopted, or in-law) of a Director or a Senior Officer (select SVP or higher who has the ability to exercise significant influence in the outcome of the transaction) of BDOLF?</p> <p><i>Please refer to the List of BDOLF Senior Officers With Significant Influence posted in BDOLF Shared Folder</i></p>	Individual		ORP	
H.4	<p>Is the borrower/counterparty a Director, Officer⁴, Stockholder⁵ of BDOLF's affiliated* companies?</p> <p>*Affiliated companies shall refer to: a. juridical/corporate Related Interests (RI) b. subsidiaries & affiliates of BDOLF c. any party that BDOLF exerts direct/indirect control over <u>as provided in item H.1.a.1</u>, or that exerts direct/indirect control over BDO <u>as provided in item H.1.a.2</u></p>	Individual		ORP	
H.5	<p>Is the borrower/counterparty a spouse, parent, child, grandparent / grandchild / brother / sister (biological, legally adopted, or in-law) of a Director or an Officer⁶ of BDOLF's affiliated companies?</p>	Individual		ORP	
H.6	<p>Is the borrower/counterparty a great grandchild, nephew/niece, aunt/uncle, great grandparent, grand nephew/niece, first cousin, great aunt/uncle, or great great grandparent (biological, legally adopted, or in-law) of a Director or a Senior Officer (select SVP or higher who has the ability to exercise significant influence in the outcome of the transaction) of BDO?</p>	Individual		Extended ORP	

Note: If the counterparty is determined to be both a Related Interest and a Subsidiary or Affiliate, the prevailing RP classification / tag will be Related Interest.

⁴ "Officer of the affiliated company" shall refer to the President, Chief Executive Officer, Chief Financial Officer, or Treasurer of an affiliated company.

⁵ "Stockholder of an affiliated company" shall refer to an individual stockholder of an affiliated company and/or his relatives within the first degree of affinity or consanguinity **holding more than 50%** of the subscribed capital of the affiliated company.

⁶ "Officer of the affiliated company" shall refer to the President, Chief Executive Officer, Chief Financial Officer, or Treasurer of an affiliated company.



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 ¹ 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 ²

¹ Total assets shall pertain to consolidated assets if the reporting PLC is a parent company.
² 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.

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 of Related Party)

.....

Name, Signature of the Corporate Secretary/
Authorized Representative³

.....

Name, Signature of the Related Party/Authorized Representative³

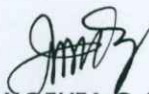
³ Proof of authority must be attached to the Advisement Report.

BDO Leasing & Finance, Inc.
Related Party Transactions Policy

IN WITNESS WHEREOF, we have hereunto set our hands this 26th day of October
2019.



TERESITA T. SY
Chairperson
Board of Directors



ANGELITA C. TAD-Y
Compliance Officer