

TRUST COMMITTEE CHARTER

Purpose and Objective

Mandated by regulators to provide oversight functions on the trust and fiduciary business of the bank. The Board shall exercise the mandate through its Trust Committee which shall provide overall strategic business development and financial policy directions while ensuring that the Bank's Trust Group fulfills its fiduciary obligations exercising the principles of fidelity, prudence, skill and care in the management and administration of fiduciary assets in compliance with MORB.

Additionally, the Trust Committee ensures that the operations of Trust is being managed and administered according to its mandate as an institution and aligned with its objectives as a unit of the bank. The Committee assesses and evaluates the operational performance of Trust in terms of its financial objectives, customer service, efficiency, control and good governance in its operations and practices.

Responsibilities:

The Trust Committee duly constituted and authorized by the board of directors shall act within the sphere of authority which may be provided in the by-laws and/or as may be delegated by the board, such as but not limited to, the following:

1. Ensure that the fiduciary activities are conducted in accordance with applicable laws, rules and regulations, and prudent practices;
2. Ensure that policies and procedures that translate to the Board's objectives and risk tolerance into prudent operating standards are in place and continue to be relevant, comprehensive and effective;
3. Oversee the implementation of the risk management framework and ensure that internal controls are in place relative to the fiduciary activities;
4. Adopt an appropriate organizational structure/staffing pattern and operating budgets that shall enable the Trust Group to effectively carry out its functions;
5. Oversee and evaluate the performance of the Trust Officer.
6. Report regularly to the Board of Directors (BOD) on matters arising from fiduciary activities.
7. Acceptance and closing of trust and other fiduciary accounts.
8. The initial review of assets placed under the trustee's fiduciary's custody;
9. The investment, reinvestment and disposition of funds or property;
10. The review and approval of transactions between trust and/or fiduciary accounts; and
11. The periodic review of trust and other fiduciary accounts to determine the advisability of retaining or disposing of the trust or fiduciary assets, and/or whether the account is being managed in accordance with the instrument creating the trust or other fiduciary relationship.

For this purpose, the Trust Committee shall conduct regular meetings at least once every quarter, or more frequently as necessary for fiduciary matters needing immediate attention.

It shall ensure that appropriate records (e.g. minutes of the meetings or summary of matters reviewed and decisions taken) of their deliberations and decisions are maintained.

Annually, it shall review and assess the adequacy of its Charter and its overall performance then recommends for the approval of the Board when and wherever necessary.

Delegation by the Committee

The Trust Committee may, at its discretion, delegate any portion of its duties and responsibilities to the Trust Officer in accordance to existing BSP mandate.

Resources and Authority

The Trust Committee shall have the resources and authority appropriate to discharge its duties and responsibilities under this charter. The Committee shall also have the authority to select, retain and terminate outside counsel or other experts provided such services/activities are within the allowable third party services entered into or contracted by the Trust Group.

Composition of Trust Committee

The Trust Committee shall be composed of at least five (5) members:

1. At least three (3) qualified independent or non-executive directors or independent professionals who have been assessed and appointed by the Board of Directors.
2. The President and CEO or any Senior Officer of the bank
3. The Trust Officer.

No member of the Audit Committee shall be concurrently designated as a member of the Trust Committee.

Qualification of the Trust Committee

Those considered as qualified “Independent Professionals”.

A qualified independent professional shall refer to a person who:

- a. Is not a director/officer/employee of the Bank during the last twelve (12) months counted from the date of committee membership;
- b. Is not a relative within the fourth degree of consanguinity or affinity, legitimate or common-law of any executive director or those involved in the day to day management of institution’s operations or officer of the Bank;
- c. Is not engaged or does not engage in any transactions with the Bank whether by himself or with other persons or through a firm which he is a partner, other than transactions which are conducted at arm length and could not materially interfere with or influence the exercise of his judgment.

An independent professional may be appointed as a Trust Committee member of other banks that belong to the same financial conglomerate.

Those considered as Trust Committee members must possess the necessary technical expertise and relevant experience in any of the following as referenced from Cir 766 or the regulators require:

- a. At least one (1) year of actual Trust experience, other fiduciary business, or investment management activities; OR
- b. At least three (3) years of professional experience in relevant field such as banking, finance, economics, law and risk management; OR
- c. Completion of at least (90) training hours on Trust, Other Fiduciary business, or Investment management activities; OR
- d. Completion of a relevant global or local professional certification program in finance.

Qualification of the Trust Officer

The trust officer who shall be appointed shall possess any of the following:

- a. at least five (5) years of actual experience in trust operations;
- b. at least three (3) years of actual experience in trust operations and must have:
 - i. completed at least ninety (90) training hours in trust, other fiduciary business, or investment management activities acceptable to the Bangko Sentral; OR
 - ii. completed a relevant global or local professional certification program; OR
- c. at least five (5) years of actual experience as an officer of a bank and must have:
 - i. completed at least ninety (90) training hours in trust, other fiduciary business, or investment management activities acceptable to the Bangko Sentral; or
 - ii. completed a relevant global or local professional certification program.

The Trust Committee is expected to enhance its knowledge and skill by attending relevant seminars or programs about Trust business to effectively oversee the management and growth of the business.

In case the Trust Committee is composed of more than five (5) members, the majority of which must be qualified non- executive members.

Trust Committee regular reports:

1. Financial performance
 - Achievement vs. Target for the year, comparative performances vs. last year, or past 3-5 years, as may be requested.
2. Attribution of funds inflow and Outflow for certain period that may be requested or specified by the Trust Committee members
 - Per Product
 - Per Branch support
 - Per type of account
 - Others that may be requested

Minutes of the Trust Committee meeting must be approved and confirmed by the Board of Directors.

Items for Approval of the Trust Committee

These items are matters that would require Trust Committee approval before implementation. The approval should come from the majority concurrence of the Committee members through discussions in meetings and/or electronic email trail approvals. Such matters are but not limited to:

- Strategic plan/direction and budget forecast for specific period in time
- Organization structure and job descriptions of its officers and staff
- Products and Services to be offered and terminated (description, features and forms/contracts, etc.)
- Marketing and/or Promotional Programs, projections and expenses
- Acceptance of complex accounts out of the ordinary course of business of TWMG such as but not limited to Mortgage Trust Indenture, Special Purpose Trust, Loan Facility Agency, etc.
- Trust Operations policies and procedures including amendments from account opening to account termination, investment policies and its limits, authorized signatories and limits, other policies drafted for the efficient operations and control of the trust.
- Trust Fee pricing and deviations, if any.

- Delegation of powers accorded to the Trust Officer and other officers for the efficient management of the operation such as but not limited to: acceptance and closure of accounts, deviations in Trust Fees, engagement with counterparties and corresponding exposure limits with other financial institutions (broker dealers, bank deposits, etc.), other 3rd party providers (custodian, fund manager/asset manager/system providers, etc.) and other 3rd party outsourcing activities
- Selection Criteria of Investments, Investment philosophy and processes and acceptable exposure limits
- Annual Credit Review of investments and availment of investments such as but not limited to Loans, Corporate Bonds, Initial Public Offering (IPO) and other investments (per transaction or per limit as may be authorized by the Committee) except for certain issues that have counterparty approval limits in time deposits and approved equity investments. Included in the exception are risk-free investments such as: government securities, indebtedness by the Banko Sentral ng Pilipinas (BSP) and other government instrumentalities, sovereign and supranational bonds and other risk-free investments allowed by the Banko Sentral ng Pilipinas (BSP).
- Related party transactions, as defined by the bank/DOSRI transactions, if any
- Financial Implication on Incident events or other financial implication on risk taking activities of Trust.
- Engagement with 3rd party providers (custodian, fund managers/asset managers, system providers, legal counsel, external auditor, etc.)
- Other policies, if any on Compliance and Risk Management
- Major expenses (capex, travels, incentives, membership, external training, etc.)
- Any other corporate action relative and significant to the operations of TWMG

Items for Confirmation are:

- Routed Memoranda:
Routed memos may be resorted to for items needing immediate action pertinent to regular transaction of Trust operation such as but limited to administrative and Investments (in essence of time) yet memo and attachments should be self-explanatory and any discussions through email to be attached and confirmed.
- Items for confirmation on the delegated powers provided to Trust Officer, its officers and other committees such as but not limited to:
 1. Accounts opened and closed – number and amount and client type
 2. Accounts Review – results of administrative review with its risk classification
 3. Investment Review – results of Investment Review for discretionary accounts
 4. Reduction of trust fees approved by Trust Officer within its delegated powers
 5. Incident reports and client compliant, if any
 6. Response to Audit reports (BSP, Internal Audit, External Audit, other regulatory audit)

Items for Notation are:

1. Updates Matters Arising from Previous Meeting
2. Updates on Strategic Plan (frequency will depend on the requirement of the Committee)
3. Updates on Audit Exceptions (BSP, Internal and External audit reports)
4. Updates on New Circulars or Regulations on Trust
5. Updates on Risk and Compliance activities
6. Other matters

Other than the above reports, the Trust Committee may request other special reports from the Trust Officer and/or its Officers and staff via electronic mail or hardcopy reports from time to time.