

TRUST CHARTER

TRUST LICENSE

PHILIPPINE BUSINESS BANK, A THRIFT BANK was granted a license to engage in trust and other fiduciary business under Republic Act No. 8791 and the Manual of Regulations for Bank by virtue of the authority vested in the Monetary Board of the *Bangko Sentral Ng Pilipinas* (BSP) under Resolution No. 1662 dated November 16, 2003. Its Certificate of Authority to perform trust and other fiduciary business was issued by the BSP on May 27, 2004.

CORPORATE AUTHORITY

The Articles of Incorporation of **PHILIPPINE BUSINESS BANK, A THRIFT BANK**, as amended, already include among its purposes, provisions to engage in Trust business, in general or specifically to act as trustee or administer any trust or hold property in trust or on deposit for the use or in behalf of others. (Ref: Sec 2.f, as amended on April 25, 2003)

The following provisions have been included in the Bank's By-Laws (Ref: Article VII, as amended on April 24, 1998)

1. The creation of a Trust Committee which shall be responsible in carrying out the functions delegated to it by the Board of Directors or as may be required under existing laws and regulations;
2. The formation of an organizational plan or structure for the Trust Department which shall conduct the Trust investment management activities and other fiduciary business of the Bank;
3. The appointment of a Trust Officer and subordinate officers of the Trust Department;
4. A clear definition of the duties and responsibilities as well as the line and staff functional relationships of the various units, officers and staff within the organization.

STATEMENT OF PRINCIPLE

The cardinal principle common to all trust and other fiduciary relationship is fidelity. Policies predicated upon this principle shall be directed towards observance of the following:

1. **Prudent Administration.** The Trust, Investment management and other Fiduciary accounts shall be administered in conformity with the intention and purpose of the client as manifested in the terms of the agreement, and with the skill, care, prudence and diligence necessary under the circumstance then prevailing that a prudent man acting in like capacity and familiar with such matters would exercise in the conduct of an enterprise of like character and with similar aims.
2. **Undivided Loyalty and Utmost Care.** In the discharge of fiduciary responsibility, the interests of clients shall be placed above those of the bank. Clear policies and procedures shall be developed in dealing with conflict of interest situations. The fiduciary assets shall be objectively and fairly administered, invested and distributed giving due regard to the beneficiaries' respective interests.
3. **Non-delegation of Responsibilities.** The administration of the Trust, Investment Management, or Fiduciary responsibilities or the performance of acts that should be personally performed shall not be delegated as the client's confidence is reposed on the Trust entity.
4. **Preserving and Protecting Property.** Reasonable care and diligence shall be observed to preserve and protect the property entrusted. Fiduciary assets shall be kept legally separated and distinct from proprietary assets and from one fiduciary/trust/investment management account to another.
5. **Keeping and Rendering Accounts.** A true and accurate account or record of transactions entered into shall be kept. Reports on the Trust, Investment Management and Other Fiduciary accounts shall be rendered to the trustor, principal, beneficiary, or other party in interest, or the court concerned, or any party duly designated by a court order, as the case may be, in accordance with sections X421/4421Q and X425/4425Q of the MORB. Likewise, all material facts within the knowledge or reasonably discoverable by the trust entity, particularly information that would enable clients to make well-informed decisions, shall be promptly transmitted/relayed to clients for them to protect their interests.

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Furthermore, practices shall be carried out in accordance with the basic standards and risk management guidelines for trust, other fiduciary and investment management accounts.

TRUST ENTITY

A Trust Entity shall refer to a:

1. bank or a non-bank financial institution, through its specifically designated business unit to perform trust functions, or
2. Trust corporation, authorized by the BSP to engage in Trust and Other Fiduciary Business or to perform investment management services.

ORGANIZATION AND MANAGEMENT

1. The Trust and other fiduciary business, including investment management activities of the Bank shall be carried out through its Trust Department which shall be organizationally, operationally, administratively and functionally separate and distinct from the other departments and/or businesses of the Bank.

However, the Bank proper and the Trust department may share the following activities:

- a. electronic data processing;
 - b. credit investigation;
 - c. collateral appraisal; and
 - d. messengerial, janitorial and security services.
2. The Trust Department, trust officer and other subordinate officers of the Trust Department shall only be directly responsible to the Bank's Trust Committee which shall, in turn, be only directly responsible to the Bank's Board of Directors.

No director, officer, or employee taking part in the management of trust and other fiduciary accounts shall perform duties in other departments or the Audit Committee of the Bank and vice versa.

However, branch officers duly authorized by the Board of Directors may, for or on behalf of the Trust Officer, sign pre-drawn trust instruments.