

CITYSTATE SAVINGS BANK, INC.

TRUST COMMITTEE CHARTER

SECTION I MISSION STATEMENTS

The Citystate Savings Bank - Trust Committee shall provide overall strategic business development and financial objectives, policies and procedures directions while ensuring that the Citystate Savings Bank, Inc. - Trust Department fulfills its fiduciary duties while exercising the principles of fidelity, prudence, skill and care in the management and administration of trust assets in compliance with the regulations of the Bangko Sentral ng Pilipinas.

The Trust Committee shall ensure that the operations of the Trust Department is being managed and administered in accordance to the inherent mandate being an integral part of Citystate Savings Bank, Inc. as an institution, aligning with its objectives in terms of financial performance, customer service delivery, operational efficiency, good governance and other related fiduciary obligations.

SECTION II OBJECTIVES

The primary function of the Trust Committee is to assist the Citystate Savings Bank, Inc. - Board of Directors in fulfilling its responsibilities over the fiduciary business of Citystate Savings Bank – Trust Department by ensuring an appropriate degree of independence of the activities of the Trust Department distinct from that of the Citystate Savings Bank Inc. - Bank proper. Consistent with this function, the Trust Committee serves as the direct oversight Committee of the Trust Department carrying its duties,

authorities and responsibilities over the trust business and investment management activities of the Trust Department.

SECTION III COMPOSITION OF THE TRUST COMMITTEE

The Trust Committee shall be composed of at least five (5) members including the President and the Trust Officer. The remaining committee members, including the Chairperson, shall be non-executive directors or independent directors who are both not members of the Audit Committee.

Trust Committee members shall be elected by the Citystate Savings Bank, Inc. - Board of Directors at the annual organizational meeting and shall serve until their successors have been duly elected and qualified.

SECTION IV QUALIFICATIONS

The Trust Committee

The Trust Committee members shall possess the necessary technical expertise and relevant experience which may be indicated by any of the following:

1. At least one (1) year of actual experience in trust, other fiduciary business or investment management activities;
2. At least three (3) years of professional experience in a relevant field such as banking, finance , economics, law and risk management;
3. Completion of at least ninety (90) training hours on trust, other fiduciary business, or investment management activities acceptable to the Bangko Sentral ng Pilipinas (BSP), or

4. Completion of a relevant global or local professional certification program.

Trust Committee members should be familiar with Philippine Laws, rules and regulations on trust business. They should uphold at all times ethical and good governance standards.

The Trust Officer

The Trust Officer shall possess any of the following:

1. At least five (5) years of actual experience in trust operations.
2. At least three (3) years of actual experience in trust operations and must have :
 - a.) completed at least ninety (90) training hours in trust, other fiduciary business, or investment management activities acceptable to the BSP or
 - b.) completed a relevant global or local professional certification program; or
3. At least five (5) years of actual experience as an officer of a bank and must have:
 - a.) completed at least ninety (90) training hours in trust, other fiduciary business or investment management activities acceptable to the BSP, or
 - b.) completed a relevant global or local professional certification program.
4. The Trust Officer is subject to the confirmation of the Financial Supervision Sector Committee of the Bangko Sentral ng Pilipinas.

SECTION V DUTIES AND FUNCTIONS

The Trust Committee, duly constituted and authorized by the Citystate Savings Bank, Inc. - 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 Citystate Savings Bank, Inc. - Board of Directors.

The Trust Committee in discharging its functions, it shall :

1. Ensure that Fiduciary objectives and activities are conducted in accordance with applicable laws, rules and regulations in sound and prudent manner;
2. Review and approve annually strategic business plan in accordance with the approved financial budget;
3. Ensure that policies and procedures of the Citystate Savings Bank, Inc. -
Board of Directors objectives and risk tolerance and prudent operating standards are in place and continue to be relevant, comprehensive and effective;
4. Oversee the implementation of the risk management framework in terms of prudent management and investments of trust assets;
5. Ensure that internal controls are in place relative to fiduciary activities;
6. Adopt an appropriate organizational structure, staffing pattern and operating budgets that shall enable the Trust Department to effectively carry out its functions;
7. Oversee and evaluate the performance of the Trust Officer and other officers of the Trust Department;

8. Conduct regular Trust Committee meetings every two months or frequently as may be necessary for fiduciary matters requiring immediate action;
9. Report and render regularly to the Citystate Savings Bank, Inc. - Board of Directors on matters taken up in the Trust Committee meetings as required.

SECTION VI AUTHORITIES AND RESPONSIBILITIES

The Citystate Savings Bank, Inc. – Trust Committee shall have the following authorities and responsibilities:

1. Review and reassess the adequacy and update the charter annually, or as frequent as circumstances warrant and recommend any proposed changes to the Citystate Savings Bank, Inc. - Board of Directors for approval;
2. Review and approve yearly financial budget such as but not limited to fund generation, promoting trust products and services, capital expenditures and operating expenses and positive bottom line that shall enable the Trust Department to effectively carry out its inherent fiduciary functions;
3. Review and approve policies and procedures of the Trust Department in compliance with new circulars and memoranda issued by the government regulatory bodies that may affect the operations of the Trust Department;

4. Review and assess consistently reportorial requirements of the Trust Department for regular reporting to the Trust Committee.
5. Review and assess existing policies and procedures to address conflicts of interest that may arise in the discharge of the fiduciary responsibilities of the Trust Department;
6. Review activities, organizational structure, and assessment of qualifications of the members, officers and staff of the Trust Department as prescribed by and pursuant to the relevant rules and regulations promulgated by the Bangko Sentral ng Pilipinas. The assessment shall include but not be limited to a review of the prospective member, officer or staff's judgement, experience, independence, understanding of trust operations or other related industries and such other factors as the Trust Committee determines to be pertinent in light of the current needs of the industry;
7. Review and coordinate, with the Citystate Savings Bank, Inc. Legal Counsel, Compliance Department, Risk Management Department and Controllershship Department, any vital matters that could have a significant impact on the operations of the Trust Department. The Trust Committee shall likewise have the authority to obtain advice and secure the services of external legal counsel, accounting or other advisors;
8. Review internally and externally prepared audits and examination reports of the Trust Department and take appropriate actions to rectify reported observations in such audits and examinations;
9. Annual review and assessment to ensure business continuity plan, continuous improvement program and contingency plan.

10. Submit and render regular reports to the Citystate Savings Bank, Inc. - Board of Directors;

11. Maintain complete, accurate and faithful minutes of its meetings.

SECTION VII - MEETINGS AND QUORUM

The Trust Committee shall hold a regular meeting every two months or frequently as may be necessary for fiduciary matters requiring immediate action. Special meetings may be called by the Trust Committee Chairperson or as called by a majority of the Trust Committee members as they may deem necessary to conduct business. Meetings may be held in person or virtually or may be conducted thru modern technologies that allow Trust Committee members to hold meetings without moving to a single location together. The Chairman of the Trust Committee shall be the presiding officer at all meetings however, in his/her absence, the Trust Committee may appoint an acting chairperson at the time of the meeting. A majority of the members shall constitute a quorum. The Trust Committee shall provide the minutes of the Trust Committee meeting to the Citystate Savings Bank, Inc. - Board of Directors for confirmation.

SECTION VIII SELF – ASSESSMENT

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

The secretariat of the Trust Committee will collate the accomplished and signed self-assessment of Trust Committee members and submit to

Compliance Department. Compliance Department shall collate all accomplished and signed self-assessment forms of all the Board level committees.

SECTION IX REPORTING

The Trust Committee shall report regularly to the Citystate Savings Bank, Inc. - Board of Directors regarding trust matters. Matters approved by the Trust Committee shall be confirmed by the Board of Directors.

SECTION X CHARTER REVIEW

This Charter shall be reviewed, updated and approved by the Trust Committee on its first regular meeting after the annual stockholders meeting and organizational structure of the Citystate Savings Bank, Inc. - Board of Directors, its officers and the creation of the Board Committees for submission to and approval by the Board of Directors for approval.

SECTION XI TRUST COMMITTEE SECRETARIAT

The Trust Committee Secretariat shall be composed of the Trust Officer and the Investment Officer or the Trust Operations Officer. The Secretariat shall be in charge of the preparation of the Minutes of the Trust Committee meetings, ensure that the Minutes are approved by the Trust Committee and submitted to and confirmed by the Board of Directors.