

RELATED PARTY TRANSACTIONS POLICIES AND PROCEDURES

Philtrust Bank adopted the Related Party Transactions Policies and Procedures to ensure that all transactions with its related parties shall be in accordance with existing laws, rules and regulations. Under the said Policies and Procedures, the Bank shall allow transactions with its directors, officers, stockholders, their related interests, and other related parties only when these are done in the regular course of business, conducted on the basis of arm's length arrangements, considered for the best interest of the Bank and its stakeholders, and subject to approval by the Board of Directors as well as to the confirmation by the stockholders, as may be necessary.

Consistent with the standards set by regulations, the Policies and Procedures clearly define related parties and those transactions or dealings that may be considered as RPTs; set the guidelines to ensure that RPTs are handled and managed in accordance with the regular course of business; provide whistle blowing mechanism for illegal, unethical, or questionable RPTs, as well as the remedies for abusive RPTs; and require the disclosure and regulatory reporting of material RPTs.

Review of RPTs

All RPTs shall be reviewed by the RPT Committee, taking into consideration the following factors:

1. The related party's relationship to the Bank and its interest in the transaction;
2. The material facts of the proposed RPT, including the proposed aggregate value of such transaction;
3. The benefits to the Bank of the proposed RPT;
4. The availability of other sources of comparable products or services;
5. An assessment of whether the proposed RPT is on terms and conditions that are comparable to the terms generally available to an unrelated party under similar circumstances.

Approval of RPTs

Approval of material RPTs must have the RPT Committee's written recommendation to the Board of Directors.

All approved material RPTs and write-off of material exposures to related parties shall be submitted for confirmation by majority vote of the stockholders in the annual stockholders' meeting.