

7. The Chief Compliance Officer (CCO)

- 7.1. To ensure adherence to corporate principles and best practices, there shall be a designated Compliance Officer who shall hold the position of at least a Vice President or its equivalent. He shall have direct reporting responsibilities to the Chairman of the Board thru the Board Audit and Compliance Committee (BACC).
- 7.2. He shall perform the following duties:
 - 7.2.1. Monitor compliance by the Bank with the provisions and requirements of this Revised Manual and the rules and regulations of regulatory agencies and, if any violations are found, report the matter to the Board thru the BACC and recommend the adoption of measures to prevent a repetition of the violation. The Compliance Officer shall likewise refer the matter to the Administrative Board or the Corporate Governance/Nomination/Remuneration Committee, as the case maybe, to determine the administrative liability and imposition of penalty, if any, against the responsible parties in accordance with the Bank's Code of Conduct;
 - 7.2.2. Appear before the Securities and Exchange Commission when summoned in relation to the Bank's compliance with this Revised Manual;
 - 7.2.3. Oversee the design of an appropriate compliance system, promote its effective implementation and address breaches that may arise. The CCO shall be responsible for ensuring the integrity and accuracy of all documentary submissions to BSP;
 - 7.2.4. Provide appropriate guidance and direction to the bank on the development, implementation and maintenance of the compliance program; and
 - 7.2.5. In charge in monitoring the bank compliance with the provisions and requirements of the Corporate Governance Manual and relevant banking rules and regulations as well as keeping the Directors updated regarding any related statutory changes.

8. The External Auditor

- 8.1. An External Auditor shall ensure the establishment and maintenance of an environment of good corporate governance as reflected in the financial records and reports of the Bank;

The Board, after consultations with the Board Audit and Compliance Committee, shall recommend to the stockholders an External Auditor duly accredited by SEC;

The External Auditor as appointed by the stockholders shall undertake an independent audit of the Bank, and shall provide an objective assurance regarding the manner under which the financial statements are prepared and presented to the stockholders;
- 8.2. The External Auditor of the Bank shall not at the same time provide internal audit services to the Bank. Non-audit work may be given to the External Auditor provided it does not conflict with his duties as an independent auditor or does not pose a threat to his independence;
- 8.3. If the External Auditor resigns, is dismissed or ceases to perform his services, the reason/s and the date of effectivity of such action shall be reported in the Bank's annual and current reports. The report shall include a discussion of any disagreement between him and the bank on accounting principles or practices, financial statement disclosures or audit procedures which the former auditor and the Bank failed to resolve satisfactorily;
- 8.4. If the External Auditor believes that any statements made in the Bank's annual report, information statement or any report filed with the SEC or any regulatory body during the period of his engagement is incorrect or incomplete, he shall properly present his views in said reports;

- Review and approve audit reports to the extent that BACC Chairman may issue directives to Senior Management to develop and implement the necessary corrective actions in a timely manner and/or require submission of a Project Plan to address promptly any significant weaknesses in internal controls, non-compliance with corporate policies and standards, potential violations to laws and regulations and recommendations by Internal Audit Group to align the bank with global or industry best practices.
- Review and evaluate the adequacy of the work performed by the CAE and Internal Audit Group.
- Review discoveries of fraud and violations of laws and regulations as raised by the Internal Audit Group.
- Ensure that the Internal Audit Group maintains an open communication with Senior Management, the BACC, External Auditors, and regulators.

The Committee shall ensure that the internal auditors shall have free and full access to all the Bank's records, properties and personnel relevant to the internal audit activity and that the internal audit activity should be free from interference in determining the scope of internal auditing examinations, performing work, and communicating results.

4. Oversight of the Bank's Chief Compliance Officer

- Review and approve the Global Compliance Organizational Structure including the appointment of the Compliance Officers/Compliance Designates across all business units and recommend appointment of the designated Compliance Officers to the respective Board of the subsidiaries and affiliates.
- Evaluate and recommend to the Board the appointment of the Chief Compliance Officer who shall report directly to the Chairman of the Board through the BACC.
- Review and approve the Annual Compliance Program/Plan submitted by the Chief Compliance Officer and significant amendments to the Annual Compliance Plan including accomplishments vs. the approved Compliance Plan every January.
- Oversee the Board approved Compliance Programs across all businesses and ensure compliance recommendations are addressed by the President/ CEO and Senior Management and/or the respective Board of the bank subsidiaries/affiliates on a timely basis.
- Oversee the AML Compliance Framework through the Global Compliance Group to ensure effective senior management oversight, coordination, monitoring and escalation of significant weaknesses in AML policies and procedures and potential violations with AML implementing rules and regulations issued by the resident country regulators of the Parent Bank and its subsidiaries and affiliates.
- Review and approve AML Compliance Testing Review reports to the extent that the BACC Chairman may issue directives to the President/CEO, Senior Management and notify the respective Board of the subsidiaries and affiliates to implement corrective actions or provide Project Plans primarily to address significant weaknesses in AML Compliance by Parent Bank and its subsidiaries and affiliates.

VI. OTHER DUTIES AND RESPONSIBILITIES