



CHARTER
**CORPORATE GOVERNANCE/NOMINATION/
 REMUNERATION COMMITTEE**

June 2016

I. Corporate Governance defined –

Corporate governance refers to that “set of relationships *between* an institution’s management, its board, its shareholders, and other stakeholders. Corporate governance also provides the structure through which the objectives of the institution are set, and the means of attaining those objectives and monitoring performance are determined. Good corporate governance should provide proper incentives for the Board and Management to pursue objectives that are in the best interest of the institution its various stakeholders. It should facilitate effective monitoring thereby encouraging institutions to use resources more efficiently. More briefly, it is the system by which businesses are directed and implemented by the institution’s board of directors. (Source: Organization for Economic Co-operation and Development)

Corporate governance is the framework of rules, systems and processes in the corporation that governs the performance of the Board of Directors and Management of their respective duties and responsibilities to the stockholders and other stakeholders which include, among others, customers, employees, suppliers, financiers, government and community in which it operates. (Source: SEC Memorandum Circular No. 9 dated May 6, 2014).

It is a form of organization of power and its control which gives the Board of Directors and informing shareholders a larger role. Specifically in:

1. Establishing strategic objectives and a set of corporate values that are communicated throughout the institution;
2. Setting and enforcing clear lines of responsibility and accountability throughout the Bank;
3. Ensuring that Board members are qualified for their positions, have a clear understanding of their role in corporate governance and are not subject to undue influence from Management or outside concerns;
4. Effectively utilizing the work conducted by internal and external auditors, in recognition of the important control function they provide;
5. Ensuring that compensation approaches are consistent with the Bank’s ethical values, objectives, strategy and control environment; and
6. Conducting corporate governance in a transparent manner.

II. The Corporate Governance/Nomination/Remuneration Committee

The Corporate Governance/Nomination/Remuneration Committee is created pursuant and compliance to SEC Memorandum Circular No. 6, S.2009, Revised Code of Corporate Governance; BSP Circular 456 dated October 4, 2004, Constitute Board Committees; and BSP Circular No. 749 dated February 27, 2012, Strengthening Corporate Governance to align existing regulations with international best practices that promote good corporate governance such as the “Principles for Enhancing Corporate Governance”, to assist the Board of Directors in fulfilling its corporate governance responsibilities; and ensure the Board’s effectiveness and due observance of corporate governance principles and guidelines.

III. Composition of the Committee

- a) The Committee shall have a minimum of at least five (5) members of the board of directors, inclusive of the President and two (2) independent directors. The Chairman shall be an independent director. They shall be entitled to the payment of the usual per diems given to members of the Committees created by the Board.
- b) The Committee shall invite resource persons in any of its meetings to render a report, clarify and provide guidance to the Committee on any relevant issue the Committee is confronted with.
- c) The presence of the majority of the members of the committee less 1 member shall constitute a quorum; but the vote of the majority of the quorum which in no case is less than 2 members is required to approve any act in all the meetings of the committee.
- d) When there is a lack of quorum due to the absence of other members, an alternate member from among the Board Members may be appointed to attend a particular meeting and automatically sit as a voting member.
- e) Subject to Section 35 of the Corporation Code, the Board of Directors shall have the power, at any time, to change, to increase or decrease the membership of the Corporate Governance/Nomination/Remuneration Committee or to fill vacancies therein, and to determine from time to time, by resolution, the number of members to constitute a quorum.

IV. Duties and Responsibilities

1. Corporate Governance

- Oversee the periodic performance evaluation of the Board and its committees and executive management; conduct an annual self-evaluation of the committee's performance; and review/evaluate the annual self-assessment of the directors, board and committees prior to Board approval/notation;
- Decide the manner by which the Board's performance may be evaluated, as well as whether or not a director is able to and has been adequately carrying out his/her duties as director bearing in mind the director's contribution and performance (e.g., competence, candor, attendance, preparedness and participation);
- Make recommendations to the Board the continuing education of directors, assignment to board committees, succession plans for the board members and senior officers, and their remuneration commensurate with corporate and individual performance (Ref: BSP Cir. 749);
- Adopt internal guidelines that will determine the number of directorships of its members that can hold in other corporations and address the competing time commitments that are faced when directors of the Bank serve on multiple boards;
- Formulate such policies regarding the continuing education of directors, assignment to Board Committees, succession plan for the Board members and senior officers, and their remuneration commensurate with corporate and individual performance;
- Review and formulate policies to strengthen provisions on conflict of interest, salaries and benefits, promotion and career advancement of personnel concerned in line with the existing professional development program and succession plan for Senior Management; and
- To receive and evaluate complaints regarding conflict of interest situations.

2. Nomination and Qualifications of Board Members and Senior Management

- Review and evaluate the qualifications of all persons nominated to the Board as well as those nominated to other positions requiring appointment by the Board of Directors;
- Assess the effectiveness of the board's processes and procedures in the election or replacement of directors (Ref: SEC Memo Cir No. 6, S. 2009);
- Ensure that the Bank shall have at least two (2) Independent Directors (IDs) or such IDs shall constitute at least twenty percent (20%) of the members of the Board, and that any fractional result from applying the required minimum proportion, shall be rounded-up to the nearest whole number (Ref: BSP Cir. 749);
- Pre-screen and shortlist all candidates nominated to become a member of the board of directors in accordance with the qualifications and disqualifications;
- Develop a form on Full Business Interest Disclosure as part of the pre-employment requirements for all incoming officers, which among others compel all officers to declare under the penalty of perjury all their existing business interests or shareholdings that may directly or indirectly conflict in their performance of duties once hired; and

3. Remuneration of Directors/Officers

- Establish a formal and transparent procedure for developing a policy on executive remuneration and for fixing the remuneration packages of corporate officers and directors, and provide oversight over remuneration of Senior Management and other key personnel ensuring that compensation is consistent with the Bank's culture, financial capacity, business strategy and control environment;
- Designate the amount of remuneration and fringe benefits, which shall be at a sufficient level to attract and retain directors and officers who are needed to run the Bank successfully;
- Disallow any director to decide his or her own remuneration; and
- Provide in the Bank's annual reports, information and proxy statements a clear, concise and understandable disclosure of the aggregate compensation of its executive officers for the previous fiscal year and the ensuing year.

The functions and responsibilities of the Human Resource and Nomination Committees of the Board shall be absorbed by the Corporate Governance/Nomination/Remuneration Committee.

4. Committee Chairman

Generally, the powers and duties of the Chairman of the Committee are as follows:

- To convene the members of the Committee whenever he deems it necessary, either on his own initiative, or upon the request of the members of the Committee, at least once every quarter;
- To preside over all the Committee meetings;

- To maintain efficient lines of communication and information between the Board and Management; and
- To perform such other functions as provided by law or as may be assigned to him by the Board of Directors.

5. The Committee Vice Chairman

The Committee Vice Chairman shall preside over the meeting of the Corporate Governance/Nomination/Remuneration Committee in the absence of the Chairman.

V. Frequency Meeting

The Committee shall hold a meeting at such time and place as it considers appropriate, provided that a meeting shall be held at least every quarter.

VI. Secretariat

The administrative requirements of the Committee shall be handled by a Secretariat to be designated by the Committee.

VII. Review of the Charter

The Committee shall review and assess the adequacy of this Charter annually and recommend any proposed changes for approval of the Board of Directors.



BOARD AUDIT AND COMPLIANCE COMMITTEE CHARTER

June 2016

I. OVERALL PURPOSE

The Board Audit and Compliance Committee (BACC) of the Philippine National Bank ("PNB") is a standing committee of the Board of Directors ("Board").

The purpose of the Committee is to:

1. Assist the Board in the performance of its oversight responsibility relating to financial reporting process, systems of internal control, audit process and monitoring of compliance with applicable laws, rules and regulations;
2. Provide oversight functions over internal and external auditors and ensure that the internal and external auditors act independently from each other;
3. Provide oversight over compliance functions and/or oversee the compliance program;
4. The annual independent audit of PNB's financial statements, the engagement of the External Auditors and the evaluation of the External Auditor's qualifications, independence and performance;
5. The compliance by PNB with legal and regulatory requirements, including PNB's disclosure controls and procedures
6. The fulfillment of the other responsibilities set out herein.

While the Committee has the responsibilities and powers as set forth in this Charter, it is not the duty of the BACC to determine that PNB's financial statements and disclosures are complete and accurate and are in accordance with generally accepted accounting principles and applicable rules and regulations. These are the responsibilities of Management and the External Auditors.

II. MEMBERSHIP

The Board Audit and Compliance Committee shall be composed of at least three (3) Board members, who shall preferably have accounting and finance background, two (2) of whom shall be independent directors, including the Chairman and another non-executive director with audit experience. The members of the BACC and the Committee Chair shall be appointed by the Board.

The presence of the majority of the members of the Committee less 1 member shall constitute a quorum; but the vote of the majority of the quorum which in no case is less than 2 members is required to approve any act in all the meetings of the Committee.

When there is a lack of quorum due to the absence of other members, an alternate member from among the Board Members may be appointed to attend a particular meeting and automatically sit as a voting member.

Subject to Section 35 of the Corporation Code, the Board of Directors shall have the power, at any time, to change, to increase or decrease the membership of the Board Audit and Compliance Committee or to fill vacancies therein, and to determine from time to time, by resolution, the number of members to constitute a quorum.

The Committee shall designate a Secretariat that will handle the administrative requirements of the Committee.

III. MEETINGS

The Committee shall hold a meeting at such time and place as it considers appropriate, provided that a meeting shall be held at least four (4) times a year. Special meetings may be convened as necessary.

The Committee shall invite resource persons in any of its meetings to render a report, clarify and provide guidance to the Committee on any relevant issue the Committee is confronted with.

IV. AUTHORITY

The BACC shall have explicit authority to investigate any matter within its terms and reference, full access to and cooperation by Management and full discretion to invite any Director or Executive Officer to attend its meetings, and adequate resources to enable it to effectively discharge its functions.

The Committee shall have the sole authority to select, evaluate, appoint, dismiss, replace and re-appoint the External Auditors (subject to stockholder ratification) based on fair and transparent criteria such as (i) core values, culture and high regard for excellence in audit quality; (ii) technical competence and expertise of auditing staff; (iii) independence; (iv) effectiveness of the audit process; and (v) reliability and relevance of the external auditor's reports. The BACC shall set compensation of the external auditor in relation to the scope of its duties and approve in advance all audit engagement fees and terms and all audit related, and tax compliance engagements with the External Auditors. It may recommend to the Board of Directors to grant the President authority to negotiate and finalize the terms and conditions of the audit engagement as well as the audit fees, and sign, execute and deliver the corresponding contract and all non-audit engagement with the External Auditors subject to the confirmation/approval of the BACC members.

The BACC shall have the authority, to the extent it deems necessary or appropriate, to retain special legal, accounting, or other consultants to advise the Committee. The Bank shall provide funding, as determined by the BACC, for payment of compensation to the External Auditors and to any advisors employed by the Board Audit and Compliance Committee.

The BACC may form and delegate authority to subcommittees, comprised of one or more members of the Committee, as necessary or appropriate. Each subcommittee shall have the full power and authority of the BACC.

The BACC shall ensure that a review of the effectiveness of the institution's internal controls, including financial, operational and compliance controls, and risk management, is conducted at least annually.

The BACC shall establish and maintain mechanisms by which officers and staff may, in confidence, raise concerns about possible improprieties or malpractices in matters of financial reporting, internal control, auditing or other issues to persons or entities that have the power to take corrective action. It shall ensure that arrangements are in place for the independent investigation, appropriate follow-up action and subsequent resolution of complaints.

V. DUTIES AND RESPONSIBILITIES

The Board Audit and Compliance Committee shall have the following duties and responsibilities:

1. On Financial Statements:

- Review the quarterly, semi-annual, annual and any periodic financial statement signed by the CEO and CFO prior to submission to the Board, with particular focus on the following:
 - Any change/s in accounting policies and practices
 - Major judgmental areas
 - Significant adjustments
 - Going concern assumptions
 - Compliance with accounting standards
 - Compliance with tax, legal, and stock exchange requirements
- Establish a system that addresses, in a timely and effective manner any findings or fraud or error on the financial statements.

2. Oversight of the Bank's External Auditors:

- Review/approve the Audit Program of the External Auditors prior to any audit undertaking, the scope among which includes the nature, coverage, expenses of the audit, and ensure proper coordination if more than one audit firm and/or internal independent review/external examination is involved in the activity to secure proper coverage and minimize duplication of efforts.
- Evaluate and determine non-audit work/services by External Auditor and keep under review the non-audit fees paid to the External Auditor both in relation to their significance to the auditor and in relation of the Bank's total expenditure on consultancy and whether provision of non audit services is compatible with maintaining the External Auditor's independence. The non-audit work should be disclosed in the annual report.
- Ensure that the external auditor/auditing firm shall be changed or the lead or concurring partner shall be rotated every five years or earlier. The rotation of the lead and concurring partner shall have an interval of at least 2 years.
- Review and discuss with management and the External Auditors the annual audited financial statements and disclosures and matters such as, but not limited to, accounting policies and practices, management letter, significant disagreement with management.
- Regularly review and monitor the External Auditor's technical competence, independence, objectivity and overall effectiveness of the External Audit process;
- Establish a system of reporting where the External Auditor can communicate directly to the Audit Committee on a timely basis;
- Continually engage the External Auditor on matters concerning audit quality;
- If the External Auditor resigns or communicates an intention to resign, the Audit Committee should follow up on the reasons/explanations giving rise to such resignation and consider whether it needs to take any action in response to those reasons.

- Closely coordinate with the External Auditor during all phases of the external audit engagement, as follows:
 - Discuss and agree to the terms of the engagement letter issued by the external auditor prior to the approval of the engagement. Where relevant, the engagement letter should reflect changes in circumstances relevant to the external audit;
 - Obtain an understanding of the scope and audit approach which shall be adopted by the external auditor for purposes of meeting the bank's financial reporting requirements;
 - Ascertain and take steps to address the major areas of concern identified by the external auditor during the course of its audit. These issues may cover significant accounting estimates, valuation methodologies and accounting policies adopted;
 - Review management representation letters before these are transmitted to the External Auditor to ensure that items in the letter are complete and appropriate;
 - Assess the extent of cooperation provided by the bank's management during the conduct of the external audit; and
 - Understand and duly assess the External Auditor's opinion regarding the capability of the bank's management and the adequacy of accounting/information systems to comply with financial and prudential reporting responsibilities.
- Maintain effective communication channels with the external auditor through regular and structured dialogues in the course of the external audit by focusing on the key accounting or auditing issues that, in the external auditor's judgment, give rise to a greater risk of material misstatement of the financial reports, as well as other external audit concerns of the Audit Committee. Internal and external auditors should be allowed and encouraged to attend the meetings of the Committee. During regular meetings, matters that may be raised include audit findings that would impact on the bank's compliance with regulatory requirements, disclosures and other accounting concerns.

3. Oversight of the Bank's Internal Auditor

- Responsible for the establishment of the Internal Audit Group and the appointment, re-appointment and replacement of the Chief Audit Executive (who will report directly to the BACC functionally) and the Deputy Chief Audit Executive. The responsibility of the BACC shall include the annual performance review of the CAE, accepting the resignation and/or dismissal subject to due process.
- Recommend for the approval of the Board of directors the annual remuneration of the CAE and the Deputy Chief Audit Executive.
- Review, evaluate and approve the Annual Audit Plan to include the audit scope, frequency and prioritization of high risk business units/entities as well as approve any significant change to the Annual Internal Audit Plan.
- Ensure that the Internal Audit Group has adequate resources in terms of manpower, budget and training to effectively fulfill its independent duties in the expedient implementation of the Annual Audit Plan.

- 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

1. Monitor and evaluate the adequacy and effectiveness of the Bank's internal control system including financial reporting control and information technology security.
2. Receive and review reports of internal and external auditors, compliance and regulatory agencies, where applicable and ensure that Management is taking appropriate corrective actions, in a timely manner.
3. Conduct self-assessment of the performance of the Parent Bank. BACC as a whole, as well as the individual performance of each Committee member annually. The results of the self-assessment shall be validated by the Board Corporate Governance Committee and endorsed to the Board for approval. The entire assessment process should be documented and should form part of the records of the Bank that may be examined by the regulators from time to time.
4. Review and evaluate the self-assessment of the performance of the Audit and Compliance Committees of the Bank subsidiaries and affiliates to ensure that the respective Audit and Compliance Committee policies and activities are aligned with the Parent Bank.
5. Review and assess the adequacy of this Charter annually and recommend any proposed changes for approval of the Board of Directors.
6. Establish effective audit programs that cover IT risk exposures throughout the Bank, risk-focused, promote sound IT controls, ensure the timely resolution of audit deficiencies and period reporting to the Board on the effectiveness of the Bank's IT risk management, internal controls, and IT governance.



CHARTER
RISK OVERSIGHT COMMITTEE (ROC)
June 2016

I. Mission

The PNB Board Risk Oversight Committee is created by the PNB Board of Directors to assist the board to oversee the risk profile and approves the risk management framework of PNB and its related allied subsidiaries and affiliates. It is mandated to set risk appetite, approve frameworks, policies and processes for managing risk, and accept risks beyond the approval discretion provided to management.

II. Composition of the Committee

- a) The Committee shall be composed of at least three (3) members of the Board with at least one (1) independent director as Chairman and two (2) non-executive directors.

The members shall possess a range of expertise as well as adequate knowledge of the bank's risk exposures. They should also meet the requirements of the Securities and Exchange Commission (SEC), the Bangko Sentral ng Pilipinas (BSP) and other applicable laws and regulations.

- b) Regular resource persons shall be composed of the President, the Chief Operating Officer, the Sector Heads, Chief Audit Executive, Chief Compliance Officer, Chief Technology Officer, the Chief Legal Counsel (during discussions where legal risks are concerned or as necessary), Chief Risk Officer, and concerned bank officers who have first-hand knowledge or expertise in the scheduled agenda of the ROC meeting.
- c) The presence of the majority of the members of the committee less 1 member shall constitute a quorum; but the vote of the majority of the quorum which in no case is less than 2 members is required to approve any act in all the meetings of the committee.
- d) When there is a lack of quorum due to the absence of other members, an alternate member from among the Board Members may be appointed to attend a particular meeting and automatically sit as a voting member.
- e) Subject to Section 35 of the Corporation Code, the Board of Directors shall have the power, at any time, to change, to increase or decrease the membership of Board Risk Oversight Committee or to fill vacancies therein, and to determine from time to time, by resolution, the number of members to constitute a quorum.

III. Authority

ROC has the authority to:

1. Direct management to submit regular reports on current risk exposures on credit, market, interest rate, liquidity, operational, legal, compliance, strategic, reputation, technology and other risks as well as to address such risks;
2. Approve or endorse for aboard approval the proposed risk policies and procedures; and

3. Access to all bank's records and any officer or employee of the bank, as it deems necessary.

Note: Management is responsible for the preparation, presentation and integrity of information and all matters presented to the ROC. Likewise, management is responsible for implementing and maintaining the risk policies set by ROC to identify, assess, measure, manage and control risks.

IV. BSP Mandated Functions

1. Identify and evaluate exposures - ROC shall assess the probability of each risk becoming reality and shall estimate its possible effect and cost. Priority areas of concern are those risks that are most likely to occur (high probability) and are costly when they happen (high severity);
2. Develop Risk Management Strategies – ROC shall develop a written plan defining the strategies for managing and controlling the major risks. IT shall identify practical strategies to reduce the chance of harm and failure or minimize losses if the risk becomes real;
3. Oversee the implementation of the risk management plan – ROC shall conduct regular discussions on the bank's risk current exposures based on regular management reports and assess how the concerned units of offices reduced these risks; and
4. Review and revise the plan as needed – ROC shall evaluate the risk management plan to ensure its continued relevancy, comprehensiveness, and effectiveness. It shall revisit strategies, look for emerging or changing exposures, and stay abreast of developments that affect the likelihood or harm or loss.

V. Duties and Responsibilities

| Risk Category | Duties and Responsibilities | Support Office |
|------------------|---|--|
| Operational Risk | 1. Approve the basic structure of the framework for managing operational risk (i.e. arising from process, system, people, and external events), which includes legal risk. | Operations & Information Technology Security Division, RMG |
| Legal Risk | 2. Mandated to be aware of the major aspects of the Bank's operational & legal risks, it shall: <ul style="list-style-type: none"> ▪ Review, on continuing basis, operational & legal risk exposures and loss events by major business lines; and ▪ Oversee the effective resolution, management and control of the Bank's operational & legal risks. 3. Assume an oversight role thru the Chief Risk Officer and Chief Audit Executive with respect to Management's responsibility for maintaining and implementing effective policies and procedures for managing operational risk in all of the Bank's products, activities, processes and systems; and thru the Chief Legal Counsel with respect to legal risk. | |

| Risk Category | Duties and Responsibilities | Support Office |
|-----------------------------------|---|--|
| Strategic Risk and Financial Risk | <p>Assume an oversight role thru the Head of Corporate Planning Division in monitoring the compatibility of the Bank's strategic goals, business strategies developed, resources deployed and quality of implementation.</p> <p>Review & discuss with Management the performance vs. target of major business units. ROC may request Management for an explanation on unfavorable variances and direct management to change certain policies and strategies.</p> <p>Assess how the Bank generates income and analyze the sensitivity of the Bank's earnings given a set of business conditions.</p> | Corporate Planning Division (this is reported under the Management Profitability Report on a quarterly basis under the joint Corporate Governance Committee, Executive Committee and Risk Oversight Committee) |
| Reputation Risk | Assume an oversight role thru the Service Quality Officer in ensuring the abundance of caution in dealing with customers and the community; as well as the Bank's responsiveness in addressing negative public opinion. | Service Quality Group & Corporate Marketing & Communications Division |
| Technology Risk | <p>Have the knowledge and skills necessary to understand and effectively manage technology-related risks.</p> <p>Ensure that:</p> <ul style="list-style-type: none"> a) An effective technology planning process exists, b) Technology is implemented properly with appropriate controls, and c) Measurement & monitoring efforts effectively identify ways to manage risk exposure. <p>Review, recommend for Board approval, and monitor technology projects that may have a significant impact on the bank's operations, earnings or capital.</p> <p>Establish clearly defined measurement objectives and conduct periodic reviews to ensure that goals and standards established by management are met.</p> | Operations & Information Technology Security Division, RMG together with IT Governance Management Committee. |
| Compliance Risk | Assume an oversight role thru the Compliance Officer with respect to compliance with laws, rules, regulations, prescribed practices, internal policies and procedures or ethical standards. | Compliance Division (this is prescribed under the Board Audit & Compliance Committee monthly) |
| Trust Risk | Assumes the oversight role for the identification, measurement, monitoring and control of operations of the Trust Banking Group. This is a specialized function that is distinct from Trust Banking Operations. | Trust Credit & Risk Unit, RMG |

| Risk Category | Duties and Responsibilities | Support Office |
|---|---|--|
| Credit Risk | Oversee the bank wide management of the credit risk internal in the entire portfolio and ensure the adequacy of provisions. Ensure that the following sound and best practices in credit risk management are in place and conduct periodic review of the same. 1. Policy & Infrastructure; 2. Sound Credit Granting Process; 3. System for Administration & Monitoring of Exposure; 4. Portfolio Management; 5. Credit Review; 6. Review the adequacy of valuation reserves; and 7. Work out system for managing problem credits. | Credit Risk & Basel Implementation Division, RMG |
| Market Risk Interest Rate Risk Liquidity Risk | 1. Recommended for Board approval market risk policies and risk limits for all trading and balance sheet-related market risks and for investment securities activities; 2. Approve the methodology, models and assumptions used to measure market and interest rate risks; and 3. Review compliance with established limits. | Market and ALM Division, RMG |
| Others | Perform such other functions as may be mandated by the Board and regulatory bodies relevant to risk management. | Risk Management Group |

VI. Frequency of Meeting

The ROC shall conduct regular meetings at least monthly, to discuss current risks exposures based on Management reports. Further, it may hold special meetings as it deems necessary.

ROC shall report regularly to the Board of Directors the Bank's over-all risk exposure, actions taken to reduce the risks, and recommend further action or plans as necessary.

VII. Secretariat

The Risk Management Group (RMG) shall act as the Secretariat of the ROC who shall maintain the minutes of the ROC meetings and other records of the Committee and ensure that ROC directives are being complied.

ROC shall ensure that the RMC Secretariat (i.e. RMG) has adequate resources at its disposal to effectively discharge its functions.

VII. Review of the Charter

ROC shall review and assess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval.