

RISK OVERSIGHT COMMITTEE CHARTER

I. BACKGROUND

The Board of Directors, as one of their specific duties and responsibilities, must constitute several committees, one of which is a Risk Oversight Committee. The Board must also draw up a written charter that defines the duties and responsibilities of its committee members.

II. ORGANIZATION

The Risk Management Committee shall be composed of at least three (3) members of the Board of Directors, majority of whom shall be independent directors, including the Chairman. The Chairman of the committee shall not be the Chairman of the Board of Directors, or any other board-level committee. Each member and advisor shall possess a range of expertise as well as adequate knowledge of the institution's risk exposures.

The Risk Management Unit shall primarily be responsible in assisting the Committee with its responsibilities.

III. REVIEW

The Board of Directors shall review and assess the adequacy of this charter at least once every year.

The Committee shall have adequate resources to enable it to effectively discharge its functions.

IV. DUTIES AND RESPONSIBILITIES

Responsibilities of the Risk Oversight Committee:

1. The Risk Oversight Committee shall advise the Board of Directors on the Bank's overall current and future risk appetite, oversee senior management's adherence to the risk appetite statement, and report on the state of risk culture of the Bank. The Risk Oversight Committee shall:
 - 1.1 Oversee the risk management framework – the Risk Oversight Committee shall oversee the enterprise risk management framework and ensure that there is periodic review of the effectiveness of the risk management systems and recovery plans. It shall ensure that corrective actions are promptly implemented to address risk management concerns.
 - 1.2 Oversee adherence to risk appetite – the Risk Oversight Committee shall ensure that the current and emerging risk exposures are consistent with the Bank's strategic direction and overall risk appetite. It shall assess the overall status of adherence to the risk

appetite based on the quality of compliance with the limit structure, policies, and procedures relating to risk management and control, and performance of management, among others.

- 1.3 Identify and evaluate exposures – the Risk Oversight Committee shall assess the probability of each risk becoming a reality and shall estimate its possible effect and cost. Priority areas of concern are those risks that are most likely to occur and are costly when they happen.
 - 1.4 Develop risk management strategies – the Risk Oversight Committee 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.
 - 1.5 Implement the risk management plan – the Risk Oversight Committee shall communicate the risk management plan and loss control procedures to affected parties. It shall conduct regular discussions on the Bank’s current risk exposure based on regular management reports, and direct concerned units or offices on how to reduce these risks.
 - 1.6 Review and revise the plan as needed – the Risk Oversight Committee 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 of harm or loss. It shall report regularly to the Board of Directors of the Bank’s overall risk exposure, actions taken to reduce the risks, and recommend further action or plans as necessary.
 - 1.7 Oversee the risk management function – the Risk Oversight Committee shall be responsible for the appointment/selection, remuneration, and dismissal of the Chief Risk Officer (CRO). It shall also ensure that the risk management function has adequate resources and effectively oversees the risk taking activities of the Bank. Likewise, the Committee shall be responsible for the review of the self-assessment performed by the Chief Risk Officer and Risk Management Unit.
2. Meetings and reports
- 2.1 Meet at least once every quarter provided a risk management report shall be submitted to Committee members every month. However, any significant items that would require immediate resolution should be presented to RMC in a special meeting.
 - 2.2 Meet periodically with risk management personnel, internal auditors, compliance personnel, and bank staff, together or separately as the Risk Oversight Committee may see fit.

2.3 Keep the Board of Directors informed as needed, at least once every year.

V. APPROVALS

Approvals by the Committee may be made at or during its meetings or through circulation to all members of the Committee.

VI. ANNUAL REVIEW AND UPDATE

The Board on its own or the Committee shall review, assess and/or update this Charter at least annually and make appropriate recommendation to the Board for approval.