

BOARD RISK OVERSIGHT COMMITTEE (BROC)

Reference Code: BROC-003

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I. PURPOSE

The Board of Directors (BOD) is primarily responsible for promoting a risk management culture in the Bank by establishing and maintaining a sound risk management system.

The BOD delegates to the BROC the power to approve procedures for implementing risk and capital management policies.

The Board Risk Oversight Committee (BROC) shall assist the BOD with its oversight function to:

- a. Identify and evaluate risk exposures;
- b. Develop risk management strategies;
- c. Oversee the risk management framework; and
- d. Promote a risk management culture in the Bank.

(*The term Bank encompasses the Trust Services Group).

II. COMPOSITION

The BROC shall be composed of at least three (3) Directors, majority of whom shall be independent directors, including the Chairperson. The BROC's Chairperson shall not be the chairperson of the Board of Directors, or any other Board-level committee.

III. DUTIES AND RESPONSIBILITIES

1. Oversee the risk management framework and ensure that there is periodic review of the effectiveness of the risk management systems and recovery plans. Any required corrective actions resulting from the reviews are monitored and promptly addressed.
2. Oversee adherence to the Bank's risk appetite statement, risk policy, and risk limits.
3. Endorses for BOD's approval bank-wide policies for risk definition, assessment, management and monitoring/reporting.
4. Endorses for BOD's approval bank-wide Information Security Policies and Procedures (ISPP) and Business Continuity Manual.
5. Endorses for BOD's approval bank-wide policies for capital management.
6. Reviews and approves market and liquidity risk limits as recommended by the Risk Management Division (RSK).
7. Reviews and approves asset and liability benchmarks for risk monitoring as recommended by RSK.
8. Reviews and endorses individual trading limits as recommended by Treasury Management Group (TMG) and RSK.
9. Analyzes and evaluates that risk infrastructure are within the Bank's overall direction and are supported by the appropriate technology.
10. Promotes the continuous development and upgrade of risk practices, policies, procedures and structures.
11. Ensures that business and risk units develop sufficient risk management skills and

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- encourages high standards of ethical behavior by risk-taking personnel.
12. Monitors that capital levels are adequate relative to the Bank’s risk profile and comply with internal and statutory requirements.
 13. Reviews current and emerging risk exposures to prevent undue or over-concentration of risk in any product, market, industry or business.
 14. Approves the appointment, dismissal and other changes to the Bank’s Chief Risk Officer (CRO).
 15. Approves the budget, resources, and Table of Organization of the Risk Management Division to ensure that responsibilities are performed independently, objectively, and effectively.
 16. The BROC, through the Chairman, reviews and approves the performance and compensation of the CRO.
 17. Confirms annually that all responsibilities outlined in this charter have been carried out. Reviews the Committee’s performance at least annually.

IV. MEETINGS

The Committee meets monthly or as often as necessary. RSK, under the Chief Risk Officer (CRO), handles the administrative aspects of the Committee.

Committee meetings may be conducted through modern technologies such as, but not limited to, teleconferencing and video-conferencing as long as the committee members attending the meeting can actively participate in the deliberations on matters taken up. Notwithstanding, every Committee member shall participate in at least fifty percent (50%) and shall physically attend at least twenty five percent (25%) of all Committee meetings every year.

V. APPROVING AUTHORITIES

ITEM	RECOMMENDED BY	BROC	BOARD
Market Risk Limits – e.g. VaR, Stop Loss, Position, Sensitivity	RSK	Approves	
Liquidity Risk Limits	RSK	Approves	
Asset Liability Management Benchmarks	RSK	Approves	
Individual Trading Authorities and Limits	TMG & RSK	Endorses	Approves
Capital Management Policies	TMG, RSK & Controllership	Endorses	Approves
Risk Management Policies	RSK	Endorses	Approves
ISPP Policies and Amendments	IT,RSK	Endorses	Approves

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Business Continuity Manual revisions	BCM Committee	Endorses	Approves
Trust Unit Risk Management Policies	TIC	Endorses	Approves
Trust Market Risk Limits – e.g. VaR, Stop Loss, Position, Sensitivity	TIC	Approves	
Trust Liquidity Risk Limits	TIC	Approves	

VI. EVALUATION AND REPORTS

The Committee shall review and assess the adequacy of this charter annually and recommend any proposed changes to the BOD for its approval pursuant to this charter.

The minutes of meetings and needed reports and recommendations will be elevated to the BOD so that the BOD is well informed and updated with the BROC’s activities and actions. BROC presentation materials and minutes of the meeting will be provided also to Internal Audit Division for their prompt notification of changes made to the Bank’s risk management strategy, policies or processes.